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NEWS SUMMARY

ENERAL

Data bank privacy scheme

ıe Government yesterday proposed extensive legislation to otect the privacy of personal ormation held in computers.

Contained in a White Paper Computers and Privacy, the posals could lead to a code standards covering the use of nputers dealing with personal ormation.

New laws would establish an ependent statutory agency. Data Protection Authority. A Data Protection Committee to be set up shortly to advise Government on how to mulate legislation.

mplementation of the proals would give Britain some the most stringent controls of ir sort in the world. They ıld cover computer files at all els of government and in the ate sector. Back Page. ture, Page 21

igate thwarts ınboat attacks

ır attempts by the Icelandic boat Odinn to cut the trawls British fishing boats were strated yesterday by the ate Leander placing herself ween the gunboat and its nded victims. The frigate vestoft sailed from Rosyth for andic waters yesterday. other frigate, Andromeda, is leave to-day. Each warship relieve a frigate in the area.

octors prolong eir action

ior hospital doctors last night tponed for a week a decision ther to call off industrial on—while the wording of an eement is tightened up. Back e

ıortage pushes rkey prices up

biggest shortage of fresh eys at London's Smithfield ket since the war pushed es up yesterday to their est levels so far this year. il prices will be 60p a lb nore, putting the cost of an age-sized bird at £7. Comities, Page 27

rvice for ss McWhirter

least 1,000 people attended erday's thanksgiving service St. Paul's Cathedral for the of Mr Ross McWhirter, who gunned down on his dooron November 27.

rster troops ld in Luanda

White soldiers alleged to egular South African troops had been captured on the Angolan front, were preed to the Press by the MPLA uanda yesterday. The men reported to have identified iselves as members of the h African Army. Page 5

ege goes on

ewed efforts by a South ıcean clergyman to persuade n gunmen to release 25 ages at Indonesia's Amsterconsulate were unsuccessful erday.

iefly . . .

sh Airways services, disd yesterday by fog, were not cted to be back to normal l "well into to-day."

Derek Ezra, National Coal d chairman, is to become man of the British Institute anagement. Men and Matters. 12

ralia's new Liberal-Country Government is to hold trile talks next month with loyers and unions.

Sara Jane Moore, 45, was d guilty in San Francisco rday of attempting to kill ident Ford.

Indies defeated Australia n innings and 87 runs in the nd Test. Page 2

BUSINESS

Equities 4.3 up in quiet market

● EQUITIES edged higher in a quiet market. The Government statement on Chrysler brought prices back but the FT 30-share index closed 4.3 higher at 367.8.

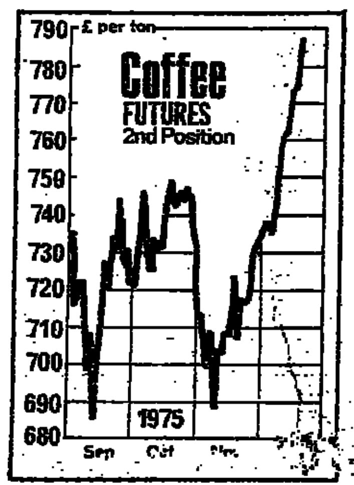
● GILTS were quietly firm, with gains of up to ¼ by the close. The Government Securities index put on 0.10 to 58.51.

● STERLING gained 15 points against the dollar to $2.0185. Its average depreciation narrowed to 30 per cent. (30.1), while the dollar's widened to 1.72 per cent. (1.58).

● GOLD gained 25 cents to $139.

● WALL STREET closed 7.71 up at 844.30.

● COFFEE prices on the London terminal market rose by £13 a tonne to £787.5 on fears that floods in Colombia may have affected 30 per cent. of its crop. Page 27



● GEM DIAMONDS marketed by the Central Selling Organisation will go up in price by an average of 3 per cent. in January, says De Beers. Page 24

● EEC Court of Justice has lifted or reduced fines imposed in 1972 on 16 sugar companies by the Commission for breaking Common Market cartel rules. Back Page

● EEC COMMISSION's plan for phasing out beef deficiency payments in Britain next year in favour of intervention buying were "completely unacceptable," Mr. Fred Peart told Ministers in Brussels. Page 27

Aid for tanker surplus sought

● TANKER INDUSTRY leaders are working towards a joint demand to the Government for aid to solve the oil tanker surplus, which could cost the industry up to $15bn. over the next few years. Page 7

● SLATER WALKER'S negotiations about its controversial £14.5m. loan to Haw Par Brothers International are expected to come to a head to-day in Singapore.

● RAILWAY union leaders and the Secretary for the Environment have exchanged abuse over reports of proposed rail cuts. Back Page

● SCOTTISH DAILY NEWS, which went into liquidation after six months of publication last month had debts of nearly £2.5m. Page 7

● GENERAL ELECTRIC and Utah International are negotiating what could be one of the largest corporate mergers in U.S. business, with a transaction valued at $1.9bn. Page 25

COMPANIES

● BURTON GROUP second-half profits fell from £1.61m. to £553,000 leaving the total for the year ended on August 30 down by £847,000 at £2.5m. Page 23 and Lex

IEF PRICE CHANGES YESTERDAY

es in pence unless otherwise indicated)

RISES

sury 12½pc 1995	£86½	+	½
on "A"	50	+	5
a "A"	252	+	8
	239	+	4
Holdings	38	+	4
lity Radio	63	+	4
ninster	76	+	4
eral Accident	158	+	4
nd Met.	79	+	3
n's Economiser	82	+	5
	259	+	6
no Inds.	43½	+	3½
Intnl	44	+	4½
na Secs	90	+	5
my Prods	44	+	3
ood	232	+	12
ley	98	+	5
er (Montague L.)	63	+	4½
head	108	+	4
Pilkington	292	+	10
Prop. Hldg. and Inv.	190	+	7
Racal Elect.	234	+	7
Spear (J. W.)	96	+	4
Stoddard "A"	37	+	4
Tarmac	168	+	4
Thorn Elect.	200	+	4
Tube Invs.	302	+	8
Tunnel Hldgs. "B"	184	+	4
Untd. City Merchants	29	+	3
Whitecroft	110	+	7
De Beers Dfd.	286	+	6
Pancontinental	940	+	10
RTZ	180	+	5

FALLS

Arbuthnot Latham	160	—	10
Bank of NSW	650	—	20
Spear and Jackson	95	—	5
Tex Abrasives	36	—	3
Woodside-Burmah	135	—	10
Peko-Wallsend	445	—	20
Thiess Holdings	240	—	10

Unions, Left and Right-wing MPs attack Government's £162.5m. scheme

Storm grows on Chrysler rescue

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FIERCE OPPOSITION was building up on all sides last night to the Government's rescue proposals for Chrysler U.K., announced to a largely hostile House of Commons yesterday by Mr. Eric Varley, the Industry Secretary.

The government, though, gained a comfortable majority of 25 on a procedural motion on Chrysler last night. The voting was 285-260.

But htere were about a dozen Labour abstainers from the Right-wing Manifesto Group, who could make the Government's position precarious to-night when the Chrysler Order approving the deal comes before hte Commons.

A special meeting of the Parliamentary Labour Party has been called for this evening in an attempt to persuade the abstainers to vote for the Chrysler agreement.

The Government could be in difficulties tonight because the 11 Scottish National MPs who voted for the Government procedural motion are reserving their position and could vote against the Order.

Mr. Varley's announcement in which he talked of the agony of the last seven weeks, which "have been in some respects the most difficult of my life," was met with criticism from both Left and Right of the Labour Party, as well as from the Opposition benches.

The Government's decision, he argued, would save 17,000 jobs which would otherwise have been lost out of the company's total workforce of 25,000, and also Chrysler's important Iranian export order.

"The thought of 25,000 workers and just as many indirectly employed in the industry and the prospect of them being unemployed was daunting and something that haunted me night and day," he said.

With several members of the Manifesto Group of MPs threatening to abstain on the Chrysler issue, the Government could now be forced into the ignominious position of having to rely on the Scottish National Party to push its Chrysler policy through.

Initial reactions from the trade unions were even more antagonistic. Mr. Varley now faces the task of trying to persuade them to accept the Government's line when he meets shop stewards and national officials in London to-day.

Yesterday Chrysler shop stewards in Coventry walked out of a briefing session with a company official, saying that they were "stunned" by the size of the redundancies.

Mr. Liam Byrne, a senior transport union steward at the Ryton car plant viewed the figures for the Avenger workers—2,000 out of 3,600 jobs are being phased out—with "horror and alarm."

Editorial Comment, Page 12; Lex, Back Page; Parliament, Page 10; Feature, Page 12; Chrysler's rocky ride, Page 25; Clearing banks' part of rescue, Page 9

He said that members would look at the proposals with mixed feelings, but he conceded that he thought it possible to make them a viable proposition. "We've done it before and we can do it again."

Mr. John Campbell, Sheet Metalworkers' Union convenor at the Ryton assembly plant, said: "We expected bad news, but this is incredible—we are absolutely shattered."

The CBI is expected to take a hostile line at its Council meeting to-morrow.

Within the motor industry generally there is widespread dismay of further evidence of Government intervention which will place Britain's unsubsidised car producers—Ford and Vauxhall—in an invidious position.

Under the terms of the Government's proposals the 8,000 redundancies will be spread fairly equally across Chrysler's main plants, with 2,100 jobs being lost at Stoke, Coventry, 2,500 at Ryton, Coventry, and 3,000 at Linwood, Scotland. The Maidstone plant, which employs 500, will be closed.

Despite these redundancies, however, Chrysler appears to be holding out possibilities of an expansion in the longer term. At Linwood this will begin when the Avenger assembly lines are transferred from Ryton in Coventry in Linwood, Scotland, in the middle of next year, creating about 1,500 jobs.

The company said last night that the move of the Avenger, which is to be given a facelift at the same time, will be followed by introduction of the new French-built Alpine (the 1307/1308 in France) to Ryton, where it will be assembled from imported parts.

In the following year, 1977, Chrysler intends to launch a new small conventional-drive car, and two years later this will be followed by what is described as a "light car." A new van/truck will be introduced in 1978.

Chrysler did not say how these ambitious development plans would be financed—the motor industry estimates that a new model needs at least £50m.—but presumably some of the £55m. available from the Government for investment purposes will be used for the programme. At the same time, parts of the Stoke engine plant need new equipment, along with the Linwood body pressings plant.

If Chrysler were to succeed in

Continued on Back Page

MAIN POINTS OF PACKAGE

- 8,000 jobs out of 25,000 will go.
- Maximum State commitment—£162.5m., comprising: 1. Funding up to £72.5m. losses over four years. 2. £55m. loan. 3. Guarantee of £35m. bank loan.
- Chrysler will invest £10m.-£12m. at Ryton, and possibly a further £23m. later.
- Chrysler U.K. to play "an important and expanding role" in the group's world-wide activities.
- Two Government directors for the Chrysler U.K. Board.
- A planning agreement with the company.
- Avenger model to be moved from Ryton to Linwood, Scotland.
- New French Alpine to be made at Ryton.

Danger of collapse in car industry, says 'Think Tank'

BY ANTHONY HARRIS

BRITISH CAR assembly plants produce only half as much, man for man, as identically equipped plants in Europe. The British reputation for quality is damagingly low, and the industry is no longer earning enough money to sustain its operations. Unless attitudes and practices can be changed, it will collapse.

This is the diagnosis of the industry's problems in the published version of the report to the Government on the future of the British car industry by the Central Policy Review Staff, issued yesterday. The report calls on the Government to take the lead in a crisis programme.

Failing this, car output would drop by 50 per cent. in the next decade, with the loss of 275,000 jobs and at a cost to the balance of payments of £1bn.

The production of car components and mechanical assemblies is by contrast relatively competitive, according to the CPRS.

Government policy should be based on aid conditional on better performance, says the CPRS, since it would not be beneficial to support an industry which could not become viable, and long-term subsidies would not be possible within the EEC. It should demand corporate plans aimed at a smaller model range made in fewer plants by a smaller workforce. Unless overmanning is reduced in the next three or four years there can be no long-term security.

The CPRS calls on the Government to take the following steps:—

1. Declare its determination to attain a substantial, viable and efficient industry, which must be internationally competitive and unsubsidised by the 1980s.

Details of the Report Page 9; Editorial comment Page 12 Feature Page 12

2. Take the lead in a programme to change attitudes, through publicising the depth of the present crisis, sponsoring planning agreements—in which the trade unions would take part —aimed at viability, better internal information, and study visits by management and workers to efficient European plants.

3. To stabilise the home market by refraining from sudden changes in hire purchase and fiscal burdens, and by studying means of restraining Japanese imports if coming talks with the Japanese fail.

4—To recognise the need to close some plants and rationalise model ranges: The Government should make this an objective in planning agreements, take the lead in arranging for more generous lay-off arrangements, and take early action through attraction of new industries and retraining of redundant workers to minimise the resulting unemployment.

5—The Government should take action in British Leyland to bring about the changes which are necessary for the industry as a whole. Financial aid should be conditional on the achievement of agreed improvement standards: a long-term subsidy would simply drive more efficient multinational competitors out of the U.K.

6. Consider requests for financial assistance from other manufacturing companies in the same light. (The CPRS report, which has been in the hands of Ministers for some weeks, was drafted before the Chrysler crisis.)

The report gives a warning that the prospect for the car market in Europe as a whole is discouraging in the next decade, and competition will be tough. However, it stresses that the industry has potential strengths which could help it to improve its market share during this period.

First, money wages are lower: and while the CPRS favours the addition of incentive payments to existing day-work schemes, these should only be paid after acceptable efficiency has been attained.

Second, a large and efficient components industry, which has improved its international performance since 1970, is an important asset.

Third, the presence of all three major multinationals offers opportunities for rationalised production and marketing on an international scale in a way which many competitors cannot achieve.

£ in New York

—	Dec. 16	Previous
Spot	$2.0190-0200	$2.0180-0190
1 month	0.90-0.85 dis	0.90-0.85 dis
3 months	2.38-2.33 dis	2.35-2.30 dis
12 months	7.83-7.73 dis	7.77-7.67 dis

Rolls-Royce asks State for £100m.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE (1971) will have to negotiate with the Government for upwards of £100m. to meet its working capital requirements next year, in spite of its new £80m. Spey engine deal with China.

Sir Kenneth Keith, chairman of Rolls-Royce (1971, also disclosed yesterday that the company's work force would have to shrink by up to 6,000 over the next year or so. This was in spite of the Spey deal, and was the result of the world-wide recession in air transport.

Sir Kenneth made it clear that he wanted to plough the £80m from the China deal into investment in advanced technology and not to see it eroded as short-term working capital.

"It would be absolutely wicked if we were made to use it for stocks and work in progress," he said. Rolls-Royce really needed it to finance future programmes to keep the company in the forefront of world aero-engine technology.

In the short-term, Rolls-Royce continually had to seek funds for work in progress, because the company, taken over by the Government in 1971, had not yet been given a proper capitalisation. For next year alone, it would need more than £100m., "just to keep standing still," let alone expand its business.

"It annoys the hell out of me to see money being put into Chrysler," he said. If it had not been for the effects of inflation, Rolls-Royce would not now be looking to the Government for more cash, apart from funds specifically required to finance major new projects.

Stressing that there was now no doubt that the company had "turned the corner," Sir Kenneth said that what was now needed, apart from proper capitalisation, was continuing Government support for the future.

"This is a long-term, high-risk business. The Government must recognise that to get the best returns, it must back it properly, not drip-feed it." The danger, as with all aerospace, was that of giving too little, too late, as though the Government was "casting bones to starving dogs."

He said that it was likely that royalties to the Government, and taxation, would take about 25 per cent. of the £80m. from the China deal. Rolls-Royce would

Continued on Back Page
Engine deal brings key position in China Page 7

No curbs on imports from EEC

BY REGINALD DALE, COMMON MARKET CORRESPONDENT BRUSSELS, Dec. 16.

BRITAIN's selective import controls, to be announced in Parliament to-morrow, will be extremely limited in scope and will not involve trade restrictions on goods from other EEC countries.

This emerged to-night after the package had been submitted to the Brussels Commission here earlier to-day, alongside details of the Chrysler rescue operation.

EEC officials, who were still studying the import measures, said the main elements appeared to be quotas on some, but not all, textiles from Spain and Portugal, and quotas on certain textiles and footwear from eastern Europe.

All imports of TV tubes would be subjected to a system of statistical monitoring.

The monitoring system for TV tubes would be the only one of these measures directly affecting Britain's EEC partners.

It would not in itself constitute a trade restriction as licences would be automatically issued for all imports from within the EEC.

Officials pointed out that such automatic licensing systems had already been introduced for textiles by most Community member countries.

The decision not to curb imports from other EEC countries explained why the Government had not invoked any of the major safeguard procedures contained in the various Community treaties, it was pointed out.

Despite widespread expectations that it would do so, Britain has not invoked Article 135 of the Accession Treaty, which provides for "protective measures" in time of economic difficulty.

Use of Article 135 would have meant the Government would have had to apply to Brussels for authorisation to restrain imports, with the Commission taking the final decision.

As it is, officials said the U.K. had simply told the Commission what it was going to do, and had not asked for permission from Brussels.

It was not clear how far this conformed with the undertaking to consult the Commission about import restrictions that Mr. Wilson gave at the Rome summit earlier this month.

The U.K. has, however, put the Commission in a delicate position, as it is the Commission that will have to justify the U.K. measures in international organisations such as GATT.

The Commission is responsible for member-States' external trade policies under the common commercial policy.

There was no immediate reaction from the Commission here to-night, although one senior official commented that the measures would cause a great deal of international trouble without having any great economic impact.

Mr. Gundelach, Commissioner for Internal Market Affairs, is also temporarily in charge of external relations, while Sir Christopher Soames is on sick leave.

William Keegan, Economics Correspondent, writes: The minor import control measures will be unveiled by Mr. Denis Healey, Chancellor of the Exchequer, as part of the long-expected economic package which also includes relaxations on hire-purchase restrictions for some consumer durables and electrical goods, and further "job creation" measures.

The measures have been the most widely anticipated that any government has introduced for many years, yet the total contents will add up to a very slim package indeed in terms of their economic impact.

Recession at bottom—official

Whitehall statisticians are for the first time prepared to back the recent claims of their political masters that the current U.K. recession has touched bottom, writes William Keegan. Industrial production in October—the latest figures—is 0.7 per cent. up on September, and between May-July and August-October there was an increase of 0.3 per cent. in industrial output. Page 7

FEATURES

FT SURVEY

ON OTHER PAGES

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LOMBARD

A place to call their own

BY C. GORDON TETHER

SOME OF the problems that are joining forces to throw down an increasingly serious challenge to our civilisation clearly stem from built-in defects in the procedures that have been followed for ordering our economic, political and social affairs during the past 100 years. They could, therefore, presumably be fairly easily disposed of—given a general willingness in the corridors of power to accept the need for radical changes in approach. Since, for example, money was devised by man as an aid to progress, he should be capable of devising ways of ending a situation wherein it has effectively got the world by the throat.

But quite a number of the problems that are now beginning to loom large on the global horizon are very real—in the sense that is, that they will not be easily resolved even if there is the greatest readiness to mobilise all the talents and energies at the world's disposal for the purpose.

In this class, without a doubt, is the matter of providing suitable housing for an "exploding" world population. And none of the conferences on international issues scheduled for 1976 will be of greater importance, therefore, than HABITAT—the United Nations Conference on Human Settlements which is due to assemble in Vancouver, Canada, in five months' time.

Ranks high

Most of our civilisation's major failures to come within reasonable distance of satisfying the aspirations of its people have concerned only the two-thirds of the total population that lives in the less-developed countries. Housing is one of the big exceptions. Thus, more than a half century after the politicians in this country were promising the returning warriors of World War 1 that they would be providing them with "homes fit for heroes to live in," the shortage of suitable housing for less wealthy Britons still ranks high in TV discussions on social problems.

Some of the other advanced countries have done somewhat better than this so far as meeting the demand for accommodation from the indigenous population is concerned. But many of them have a bad record in relation to the provision of adequate housing for the imported labour which has furnished much of the human fire-power for their economic advancement achievements—as the shanty towns ringing round any number of Continental cities graphically testify.

However, it is not going too far to say that, though the housing problem of the affluent countries is of a considerable order, it pales into insignificance beside that which is now beginning to beset the Third World. The present-day shortage of houses for people to live in stems mainly from two factors. One is the growth of population and the other the drift—perhaps more appropriately the stampede—of country-folk to the towns. And both these forces are working very hard indeed in the less-developed world.

It has been estimated, for example, that between 1970 and 1975 some 73m. of its people transferred their residence from rural to urban areas. Remembering that there would have been a substantial increase in the existing urban population on account of the normal population growth over the same period, it is not hard to see why vast shanty town complexes are developing on the peripheries of the major towns and cities of the Third World.

Taking the world as a whole, the number of people living in towns and cities has doubled within the last generation. In the next 25 years, given the continuance of present trends, the number will double again—with two out of three of this greatly inflated total of city-dwellers living in the developing countries. Any housing drive that hoped to get anywhere near coping with this phenomenon would obviously have to be an extremely formidable affair. And—on the world's record to date—there is not the faintest prospect of such a miracle materialising.

The flow

There is, of course, some hope that the increased importance now being attached to the advancement of rural areas in Third World development programmes will in some measure abate the problem by slowing down the flow of people from country to town—though it is important to understand that, to the extent that this movement arises from population growth, the people involved would still need additional housing if it were arrested.

Yet even if this change of emphasis does all that it is hoped it will, there is still going to be a staggering rise in the number of people living in towns and cities between now and the end of the century. And we obviously cannot start thinking too soon about how we are going to tackle this housing challenge—always remembering that failure to do so could have the most appalling consequences. This is where HABITAT comes in.

GARDENS TO-DAY BY ROBIN LANE FOX

Informal by design

FROST HAS at last interfered with gardening, though as yet there is no trace of damage to the selection of slightly tender climbing plants with which I began this year's columns: the most luxuriant, the scented Stauntonia Holboellii, still seemed to be growing on throughout November against my house's south wall. But the ground is too hard to be dug over, so you might like to divert your attention to a remarkable exhibition of horticultural art which will be open in London on weekdays from 10-5 (not Saturdays) until March 20, 1976. At 21, Portman Square (hidden on the corner opposite the Churchill Hotel), the Royal Institute of British Architects and the Heinz Foundation are showing the drawings and paintings of Thomas Robins. The exhibition is called Gardens of Delight.

Do not worry if you have never heard of Thomas Robins. Nobody knew him until John Harris of the RIBA argued that he must exist and then identified and collected the paintings of gardens and landscapes which could be attributed to him. He was not a gardener, but he painted their designs. He seems to have been at work from 1740 until his death in 1770 in his native Bath.

His most striking paintings are his watercolours on vellum, often framed with an entrancing border of flowers, insects and prettiness. They are charming in their own right, but they also give an exact and detailed glimpse of gardens and landscape fashions in a generation which debated them more furiously and planned them more variously than any since. Robins is the only topographical artist whose work has survived from the years between 1740 and 1770. He shows us the underside of an age which is otherwise dominated by the great name of Capability Brown.

His views of Dorset, Staffordshire and Gloucestershire country gardens are hardly concerned with informal clumps of park trees in their undulating grass-land. Straight alleys of evenly spaced trees thrust out from his formal country seats and cross and criss-cross, like the wonderful quincunxes in the engraved Kip's views of their grandfather's fashions.

There are the high walls of trimmed beech hedging which appealed to the gardeners of the early-18th century, men who looked to France, not to the informality which Brown was soon to practise. Above all, there are grottoes and fanciful obelisks, Gothic pavilions and elegant garden chairs, decorated in the Rococo style which shaped the paintings of Thomas Robins himself. For, in Brown's lifetime, English gardens were already playing with the picturesque. While Robins painted, they were wishing to seem Chinese.

The extraordinary dream of a Chinese landscape threads its way through English literary exhortations in a course as sinuous as the lines of a landscape serpentine lake. The Rococo gardening which Robins shows us can no longer be seen in our countryside, but it finds a background in the many epistles, treatises and articles on landscape which the mid-eighteenth century had produced. While Robins was drawing so exactly, distinguishing the newly-planted trees in his patron's gardens from their mature surroundings, handbooks were recommending Chinese huts and farmhouses, Chinese screens for ugly objects and latterly, of course, the Chinese Chippendale furniture. A Jesuit's drawings of the gardens in Peking had already found their place in Lord Burlington's library. But there was argument over the relevance of the Chinese example to English taste.

To critics who had taken their stand on an informal ideal of "nature," supported by the garden's "original" history by God's activities in Eden and the Liberal view of enlightened Whigs, the news that distant China had her own antique gardens was most important. China, they concluded, had practised informality, believing that any man could set his trees in a dull straight line. But there was also the Chinese ideal of "Sharawadgi": first rumoured in England in the 1680s. The word meant an informally composed object or work of art whose bold imagination struck the mind with pleasant impressions. From this conception, the Rococo taste which you can now see in Robins's gardens had drawn part of its inspiration.

These two sides to the Chinese example, the curving informality and the Rococo ornament, were summed up in the work of Sir William Chambers, Comptroller of His Majesty's Works. He took the trouble to visit China, and in the 1780s his Gardens, among the gardeners of the 1780s, stressed the Chinese love of nature, curves and informality. To an eye trained on Poussin landscapes and the straining of park gardens towards an ideal set by painting, the Chinese gardeners seemed to be feeling for the principles of European painters; they used curves and clumps, sparingly, however, and not in the excessive manner of Brown. In the 1770s Chambers went further. His Dissertation on Oriental Gardening stressed the Chinese taste for the "terrible and surprising," for chasms, grottoes, pagodas and rich decoration. Gardens, he thought, should be natural but not "in resemblance to vulgar Nature." The landscape parks of Brown and Bridgeman were merely the "digging of holes to raise mole-hills." The Rococo prettiness which Robins reveals had already been practised in many English gardens. But Chambers, the Chinese pundit, wanted to take it further.

Now, Sir William was also a high Tory, and to an age which linked landscape taste with political opinions, his views were a convenient cue for invective. Into the unfettered English landscape, free and naturally ordered, he was imposing an Oriental despotism and "leaping the ha-ha of truth and commonsense." Chinese principles did not, in the end, take over the English garden, but Sir William's views on ornament, surprise and terror fitted neatly into the currents which were to flow into Regency gardens and their cult of picturesque decoration.

At the other end of this taste stand the obelisks of old broken china, the Rococo summer pavilions and the Anglo-Chinese ornament which Robins's art reveals in gardens hardly known to historians before its rediscovery. It is possible to feel, as I do, that Brown was at times boring but for the most part right, that a natural landscape was not a landscape decorated with Chinese objects and that the unrestrained pursuit of prettiness, maddeningly persistent in the modern gardens of the nouveaux riches, antique salesmen and readers of glossy fashion magazines.

The rediscovery of Thomas Robins, its faithful artist, is a fine new pleasure, and there is never any harm in reflecting on an age whose idea of beauty was so closely bound to a theory and a moral outlook and whose political thought was mirrored in a view of landscape, not left to itself in utter opposition to a beauty which it neither considers nor relates to the values it exalts.

CRICKET BY TONY COZIER

Australia annihilated

PERTH, Dec.

WITH A performance in which their enormous if unpredictable talents were seen to best advantage, the West Indies swamped Australia by an innings and 87 runs with more than a day and a half to spare in the second test here to-day.

After losing the first test at Brisbane by eight wickets, the West Indies have now levelled the six-Test series and strengthened expectations of crowds in excess of 100,000 for the third which starts at the vast Melbourne cricket ground on Boxing Day.

It was a victory achieved through batting of sheer brilliance by Fredericks and Lloyd followed by bowling of sustained pace and accuracy by Roberts which undermined the Australian second innings and which brought him deserved figures of seven for 54.

When Australia, through a typically determined century by Ian Chappell, ended the first day at 317 for seven they appeared to have started well, despite purposeful West Indian bowling and outcricket. But from the time the 21-year-old fast bowler Michael Holding rounded off the Australian innings early on the second day with the last three wickets in the same over, the cricket was dominated by the West Indies. Australia, outbatted, outbowled and outfielded, succumbed meekly.

Fredericks, the diminutive left-handed opener, is an underrated cricketer, yet his Test record is impressive and he played the innings of his life to set the pattern for the rest of the match. Fredericks hooked his second ball for six and, in only three and a half hours, so savaged the feared Australian fast bowlers Lillee and Thomson that they and their team never overcame the shock.

There was hardly a false shot in his remarkable innings, every one of his 27 fours coming off the middle of the bat in an incessant stream. He and the makeshift opener, Julien, added 91 for the first wicket and, when he was third out at 258, the

Left: A. M. E. Roberts—sustained pace. Right: Clive Lloyd—sheer brilliance.

foundation had been laid for a massive score.

Lloyd, after an uncertain start when he was twice dropped, tightened the screws for his side with his eighth Test century, his 149 scored off only 185 deliveries. He and his reliable vice-captain, Deryck Murray, added 164 for the fifth wicket against an Australian attack which was never allowed to maintain length or line.

By the time the last wicket fell, midway through the third day, the West Indies had amassed 585 at a rate which never slackened below a run a minute off a mere 95.4 overs. Lillee had two for 123 off 20 overs, Thomson three for 128 off 17 overs. It was hard to believe that a year ago these were the two who were so terrorising England's batsmen.

The difference between them and Roberts was emphasised when Australia batted a se[cond] time. While Lillee and Tho[mson] —and the fast-medium bo[wlers] Gilmour and Walker—const[antly] strayed in length and line [and] repeatedly fed Fredericks [and] Lloyd outside off stump, Ro[berts] pegged away at the stu[mps.] Whereas Lillee and Tho[mson] overused the bouncer ag[ainst] batsmen proficient on the [hook] and cut, Roberts retained it [as a] surprise weapon, so effective[ly that] it accounted for three of [the] second-innings wickets.

Nor did Roberts strain [for] speed. He was fast en[ough] without being at his fa[stest.] Electronic equipment, se[t] square-on during the match [to] measure the respective pac[e of] the bowlers, will probably [show] that Holding was consist[ently] faster than anyone else, a y[oung] man of whom the crick[et] world will hear a great dea[l in] the coming years. To have [any] chance of salvaging the g[ame] Australia needed a solid, [reli]able start to their se[cond] innings, but they lost the [left-]handed Turner in Roberts's over and McCosker, Ian Chap[pell] and Redpath by the time [the] score reached 45.

On resumption of this last [day] Greg Chappell and M[arsh] shouldered Australia's hopes of forcing a draw. It [was] a virtually forlorn task and [when] Chappell, trying to force Rob[erts] through the offside, was ca[ught] at slip after half an hour, it [was] simply a matter of time.

The defeat was the [heaviest] Australia had ever suffered b[y an] innings in 38 Tests against West Indies and was, ind[eed,] heavy. Yet it was deserving, Australia played poorly and West Indies played brillia[ntly.] The teams are so evenly matc[hed] and so liable to fluctuations [both] in mood and performance [that] the series remains an open [and] fascinating contest.

FT CLIPPER RACE BY ALEC BEILBY

Sad Italians to stay with fleet

SYDNEY, Dec. 16

THE CREW of the Italian schooner CS and RB 11 are among the saddest people in Sydney to-day.

The Financial Times Clipper Race Committee, a combination of British and Australian yachtsmen headed by RORC Commodore John Roome, decided that because the yacht's life raft had not been re-certificated in Sydney and because there were no funds left for the crew to buy an emergency radio, the yacht would be disqualified from competing in the Sydney-London leg of the race.

The crew's attitude to the decision varies from philosophical on the part of skipper Doi Malingri to quiet rage by Englishman Geoff Cross who is sailing in the yacht.

The disappointment is intense, but the crew plan to "sail round" with the other yachts as an unofficial competitor.

They plan to sail from Sydney a few minutes after the other four yachts at noon on Sunday.

Malingri, who says the life raft certificate is still valid, admits that the race rules insist on a further check in Sydney, but funds from his Italian sponsors will not cover the cost of repairs and reprovisioning as well.

Malingri, a highly experienced deep-sea sailor, will try to keep in radio touch with the Financial Times race office as he tries—unofficially—to beat his rivals to Dover.

Mr. Roome said that the race committee much regretted that CS and RB 11 could not be an official entry, but she would be sure to receive a warm welcome in Dover along with the other yachts — Anaconda II, Great Britain II, Great Escape and Kriter II.

Meanwhile, Olivier de Kersauson has received the Australian trophy for the 36-hour victory on handicap by Kriter II on the first leg of the race over the boat-for-boat winner Great Britain II.

Strong winds

Great Britain II holds a 6½-hour lead over the French. But the French crew feel that they will be given the edge on the British by strong winds in the southern latitudes to Cape Horn and westerly gales when they reach the North Atlantic, when the yacht will be lighter after ab[out] seven weeks at sea.

Their yacht, formerly Bur[ton] Cutter, was designed for [fast] downwind sail in severe con[di]tions — conditions surprisin[gly] lacking in the first leg.

Australia's 80 foot ke[tch] Anaconda II appears to be re[ady] but reluctant to carry out sail trials.

The methodical Dutch, wh[ose] 55 foot ketch Great Esca[pe] reached Sydney only last we[ek,] have not only found time to r[efit] and reprovision their yacht, [but] have also completely repaint[ed] the yacht, which below dec[ks] shows little sign of her 102-d[ay] voyage.

Anaconda, with her compa[ra]tively light rigging, air cond[i]tioning, deep freezers, space ag[e] navigation systems and wall-t[o-]wall carpets, still causes raise[d] eyebrows among the season[ed] veterans of the first leg and t[he] earlier race round Cape Horn.

But her owner, Josko Grub[elich,] nicknamed Captain Fantastic [by] his crew, seems confident ev[en] though his entire food sup[ply] will rot in three days if electric systems fail.

RACING BY DOMINIC WIGAN

Morley may have triple win

PROSPECTS of racing appear to be bright for to-day's scheduled meetings, Catterick and Towcester, with both tracks reported to be in good condition.

Two certain to be keeping an anxious eye on the weather are David Morley and stable jockey Bob Davies because they have three good prospects at Towcester—*Poor Boy*, *Merry Boy* and *Dan Pablo*. I expect all three to win and bring their trainer's and jockey's scores for the season up to 20 and 29, respectively.

The best bet from the trio appears to be the lightly raced Dan Pablo among the runners for Division II of the Northampton Novices Hurdle (3.00).

An easy winner at Windsor towards the end of last month, where he beat Gunner Smith and 17 other rivals without being extended, Dan Pablo failed, somewhat surprisingly, at Lingfield a fortnight ago, going down to Red Power and Pinchow.

Dan Pablo was slow into his stride on the Surrey track, and provided that he jumps off on level terms here, the Bury St. Edmunds representative, who meets weaker opposition, will probably be good enough. The

CATTERICK
12.45—Viaduct
1.15—Baylord
1.45—Go Go Gunner*
2.15—Banacheck II
2.45—The Alickadoo***
3.15—Delanto

TOWCESTER
12.30—Hit Parade
1.00—Paddy's Delight
1.30—Poor Boy
2.00—Merry Boy
2.30—Trust Vulgan
3.00—Dan Pablo**

game Slievereagh appears his main opponent.

Poor Boy and Merry Boy, who respectively go for the Sharon Hurdle (1.30) and Division I of the Northampton Novices' Hurdle, have both shown useful form this term.

Poor Boy, a winner here already this season, is a rea[son]ably confident choice, but [the] somewhat unreliable Merry [Boy] cannot be recommended [with] any degree of confidence, [even] though he has little to beat.

At Catterick, the best pro[spect] of the afternoon coul[d be] the lightly raced *The Alicka[doo]* who goes for the three-[mile] Brompton Novices' Hurdle, w[hich] is for amateur riders.

The Alickadoo, a strong son of the dual Ascot Gold [Cup] winner Fighting Charlie, pu[t up] by far his best performanc[e so] far when running the h[igher] rated Victor's Slave to [...] lengths over this trip at M[arket] Rasen on November 28.

There, The Alickadoo, ke[eping] on gamely under pressure, [beat] the useful Charlie Tip (an[other] son of Fighting Charlie) [the] same distance away in [third] place, with the rest well st[rung] out.

The Alickadoo is preferr[ed to] the recent Kelso wi[nner] Sovereign Gold.

SALEROOM BY ANTONY THORNCROFT

Horns from the attic do well

A PAIR of French horns, made in London around 1750 and only recently discovered in a Scottish attic, were bought at Christie's yesterday by the Oxford Foundation for Historical Musical Instruments. One of the horns, made in Red Lion Street by Nicholas Winkings, went for £2,730, while the other, by Christian Bennet of Aire St., Piccadilly, was acquired for £546. They had both been estimated at £700-£1,000.

The instruments will be restored to playing condition and housed in the Bate collection of historic wind instruments at Oxford University. There is more interest these days in instruments other than strings, which have always been popular, and these horns are particularly old.

The sale was quite successful, with a total of £40,605 and a very good price of £13,650 (estimate £8,000-£10,000) for a violincello made by Gennaro Gagliano in Naples in 1748. An early 18th century harpsichord was a disappointment, being bought in at £5,250.

Christie's also sold miniatures and objects of vertu for £56,215. The great attraction was a miniature of Jane Stanhope, Lady Mountmorris, painted by John Hoskins in 1648. It was bought for £8,610, above its top forecast, by a private buyer (a 10 per cent. premium should be added to all Christie's and Sotheby's prices).

An 18th century French work showing six groups of figures in erotic scenes, each 2¾ inches in diameter, was bought by M. Seymour for £2,520, and a Charles II oval gold snuff box fetched £1,207.50.

Sotheby's was busy with the second day of an atlas and document sale, a guns and armour sale, and European ceramics, which made the top total of £64,585. There were some failures notably an early Chelsea teapot in the Chinaman and serpent shape, but over 93 per cent. of the lots sold.

Not all the top estimates were reached. An item of Italian maiolica, a Deruta lustre dish of about 1510 was bought by Ungarelli below target at £2,900, as was another Deruta dish at £2,400. An Urbino bowl cover of 1540 was on forecast at £[...] and a Meissen coffee pot [and] cover did well at £1,800.

The guns and armour [sale] made £44,765. A pair of 1[...] guns by James Purdey wen[t] above estimate at £3,700 [and a] pair of Scottish flintlock pistols of the mid-18th ce[ntury] also did well at £2,150. A[nother] good price was the £1,350 [for a] gold mounted presentation [sword] given in 1813 to Lieut[enant-]Colonel Watson by the c[...] who served under him in th[e West] Indies. A German whee[l-lock] rifle of 1680 sold for £1,2[...].

An art deco auction di[d] well at Phillips, totalling £[...]. The ivory and bronze f[igures] made in the 1920's by th[e Aus]trian Frederick Preiss, [which] rarely go above £1,000 at a[uction] were in great demand a[nd] Balloon Girl, a dancer h[olding] aloft a glass balloon, was [bought] by Fine Arts for £1,900, [above] the forecast. Two other [...] went for £1,350 each.

In a sale of arms and a[rmour] a pair of flintlock duelling [pistols] of 1810 by Edward Patrick sold to German for £2,60[...]

TV/Radio

† Indicates programme in black and white.

BBC 1

11.30 a.m. The Engineer Through the Looking Glass. 12.30 p.m. Day and Night. 12.55 News. 1.00 Pebble Mill. 1.45 In the Town. 3.45 Fanny Cradock Cooks for Christmas. 3.53 Regional News (except London). 4.00 Play School. 4.25 Huckleberry Hound. 4.30 Jackanory. 4.45 These Are the Days. 5.05 John Craven's Newsround. 5.15 Little Mermaid, from the story by Hans Andersen. 5.45 News. 6.00 Nationwide. 6.50 The Superstars. 8.00 Everest the Hard Way. 9.15 News. 9.40 Till Death Us Do Part. 10.10 Olympia International Show Jumping. 11.05 To-night. 11.40 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.45 p.m. Bam-Bw! 6.00-6.50 Wales To-day. †6.50-7.10 Laurel and Hardy. 7.10-7.30 Heddiw. 7.30-8.00 Pobol y Cwm. 11.40 News and Weather for Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. Between 10.00-11.05 Sportscene. 11.40 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.05-11.35 Spotlight on what matters to people in Northern Ireland. 11.35 Northern Ireland News Headlines.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan. 11.00 Play School. 7.05 Trade Union Studies. 7.25 Weather. 7.30 Newsday. 8.00 Twiggy sings and dances in her own special style. 8.35 Arena: Art and Design. 9.05 Face the Music. 9.35 Globe Theatre. 11.15 Newsnight. 11.30 Closedown: William Lucas reads "Sicilian Cyclamen" by D. H. Lawrence.

LONDON

9.30 a.m. "Ulysses," starring Kirk Douglas and Silvana Mangano. 11.30 The Brock Country. 12.00 Here Comes Mumfie. 12.10 p.m. Hickory House. 12.30 Mr. and Mrs. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Couples. 3.00 About Britain. 3.25 Looks Familiar. 3.55 General Hospital. 4.25 The Sooty Show. 4.50 Boy Dominic. 5.20 Out of Town. 5.50 News from ITN. 6.00 To-day. 6.35 Crossroads. 7.00 This Is Your Life. 7.30 Coronation Street. 8.00 The Benny Hill Show. 9.00 Mongolia. 10.00 News. 10.35 The Wednesday Special. 12.00 Help! 12.05 a.m. Grierson (documentary about the life and work of Dr. John Grierson).

All ITV Regions as London except at the following times:—

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,958

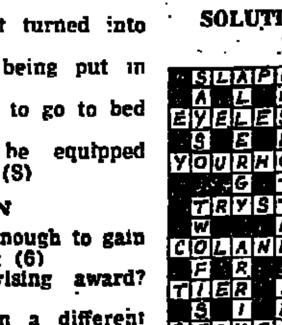
ACROSS

1 Accountant with sex-appeal takes new foreign lover (8)
5 Attendant leading a stable existence (6)
9 Stocktaking (8)
10 Sulked when quietly ejected (6)
12 Healthy certificate not obstructed by beak (5, 4)
13 Refuse to go to West-end spots (5)
14 Dressing up is such a bore (4)
16 Happiness transformed into ale (7)
19 Kicked up a fuss when made (7)
21 Female would take off (4)
24 It's part of plan to send it tools as before (5)
25 Wise man putting place in shade (4, 5)
27 Part of airport turned into racecourse (6)
28 Unsatisfactory being put in cooler (3, 2, 3)
29 Friend allowed to go to bed (6)
30 Preferred to be equipped with a rosette (8)

DOWN

1 Copper lively enough to gain ministerial post (6)
2 Woman supervising award? (6)
3 Pole only spun a different yarn (5)
4 Selling has victorious start and finish (7)
6 Curt farewell signal to radio band (5, 4)
7 Ladies' man unwilling to go to a town in South America (8)
8 Bird with sore-looking leg (8)
11 Chimney went by air we hear (4)
15 Logical basis for having to restrict supply of beer (9)
17 A lot of detectives fall for Bitter Sweet (4, 4)
18 Guard posted over broken line (8)
20 Confound this fly. (4)
21 Indicate alternative to a foreign woman (7)
22 Drench female ram (6)
23 City in Manchester is not joined together (6)
26 Relish having to wind round (5)

SOLUTION TO PUZZLE No. 2,957



Television

Chronological fog

by CHRIS DUNKLEY

When you watch television do you often (or ever) feel as though you are "enshrouded in chronological fog"? The said vapour is not my invention. It was postulated with great seriousness last week on BBC Radio 4 by Daniel J. Boorstin, Librarian of Congress and former senior historian at the Smithsonian Institution, in his penultimate Reith lecture which he called "The Dark Continent of Technology: The Enlarged Contemporary."

Broadly his thesis was that concern with the present has become more dominant in our age than ever it was before; that we have mislaid the binding threads of history and tradition, and in addition to losing touch with the past are also failing to make due provision for the future. We are, he said "tragically inept at receiving messages from our ancestors or sending messages to our own posterity." It is an interesting and debatable theory.

It was the "chronological fog," however, that was most fascinating. Boorstin said:

"We have seen how aeronautics and electronics gave to spatial dimensions a disorientating new irrelevance. Americans, unsure whether what they viewed on television was actually happing in Chicago, in Los Angeles, in New York or in a nearby studio, were newly uncertain about the *where* of events. They would be no less confused about the *when*. Candid photography, the hand-held motion picture camera, the noval powers of kinescoping and videotaping —all these would affect the viewer's sense of time with a new ambiguity.

"Was what you watched actually happening while you watched? Had it been fimed an hour, a week, or a year before? Or was it a re-run of something made last season? A new chronological fog enshrouded the television experience which, of course, became an ever-increasing, ever more dominant proportion of everyone's experience. By the mid-1970s the best estimates suggested that an American, on the average, spent six hours a day at the television screen.

"The dimensions of this confusion were betrayed in a new meaning attached to 'life' itself, when Americans commonly asked themselves 'This thing that I'm watching: is it 'live'?'."

Now it may be that American television and the American people have changed radically since I was last in close contact with them and that the above quotation describes a real, common, observable phenomenon; yet I doubt it. I think it more likely that the quotation is a classic example of the sideswipe at television which nine out of ten print culture academics feel obliged to deliver *whenever they talk about* modern society.

It sounds good, and if you hear it read once fairly quickly on radio you may be inclined to express general agreement. Not that you yourself are in any way confused by television of course, any more than Boorstin is himself. But "they" are . . . surely? The question at the start *of this column is not pure* rhetoric: I would be very interested to hear about anyone —American or British—who has ever really felt his "television experience" being "enshrouded in a new chronological fog."

My impression is that modern Americans and modern Britons have a very firm grasp on the conventions, the grammar, and the *tricks of television*. I know of no one who imagines that film shown on *Panorama* of fighting in Lebanon is actually a live outside broadcast. It is difficult to imagine why any viewer *listening to the ITN reporter* signing off "Joe Bloggs, ITN, The Shopping Precinct, Widnes" would sit there and wonder whether Bloggs was actually standing in front of a studio set *in Wembley—and that whole* signing-off business is an American import, incidentally.

Anyone who has ever watched live American coverage by satellite of any major event will have become sick and tired of the way that American anchormen reiterate that "This is coming to you live from . . ." or "Coming to you in real time." One is never left in *doubt for more* than a few moments after switching on about the live or recorded nature of the coverage. That chronological fog looks like a thick variety of Scotch mist.

★

Because they consist of "live" coverage, some of the best programmes on television are not really television programmes at all: they are the outside broadcasts from sporting events, space shots or state occasions and insofar as such events occur quite independently, whether or not television cameras happen to be present, the resulting TV coverage can hardly be classed as a "television programme" in the same way that BBC2's *North And South*, for instance, is a television programme.

However, even this serial with another exemplary performance from Rosalie Crutchley) is only half-way to being a "real" television programme, because the story actually started life as a book by Mrs. Gaskell, and although David Turner's dramatisation gives us an aesthetic and artistic phenomenon different in many ways from the original, the fact remains that the most important part of these four programmes—the plot—did exist and will continue to exist quite independent of television.

In the "real television programme" category are those works created from scratch solely with television in mind, and they vary enormously—from *Magic Roundabout* to *Celebrity Squares*, from *Play For To-day*, to the party political broadcasts.

As a very general rule the first category (outside broadcasts from independently occurring events) can be said to provide the most gripping, dramatic and exciting television; the second category (re-workings, adaptations, modifications, or simply coverage of existing work) can be said to provide the most *worthy and highbrow television*; and the third category (work created solely for television) can be said to provide the most entertaining television and the programmes which make fullest use of the *medium's techniques* and advantages.

Given these general rules it was, *no doubt*, inevitable that sooner or later television would start arranging its own pseudo-events to look like outside broadcasts and capture (or so the producers hope, presumably) the excitement and drama of real events while having none of the drawbacks—such as being under the control of outside bodies and occurring at times to suit the organisers rather than the broadcasters—which make life for the producers so difficult where the real thing is concerned. *It's a Knockout* is prototypical of the pseudo-event.

Late in 1973 the BBC came up with a similar idea, this time a one-off programme called *Sporting Superstars* in which David Hemery, Joe Bugner and five other sportsmen competed at *pistol shooting, swimming*, weight lifting and so on. At the time I said in this column that the idea (taken from America) was amusing enough to support one such programme, *but that the danger was that if* it attracted a large audience — and there was little doubt that it would — the producers would certainly be tempted to repeat the event and even to turn it into a regular series "and we don't need any more programmes designed to explore mediocrity."

That, I argued, was what *Sporting Superstars* was all about, since each sportsman was banned from the event at which he excelled and limited to competing in those in which he was not known to be any good. Sure enough, BBC 1 has not only launched into an entire series, but has *organised it* internationally and on a knockout basis. It is retitled *The Superstars*, but the entire circus is still limited to demonstrations of the not-very-good by the not-very-well-suited. Thus, hurdlers Alan Pascoe and Guy Drut were barred from the steeplechase in last week's heat, and footballer Paul Van Himst was not allowed to compete in penalty shooting.

Instead of these sportsmen demonstrating their world class, we were offered the sight of them playing tennis at a standard which would make any normal secondary *school ashamed*.

Rosalie Crutchley in 'North and South' (BBC2)

It is possible that some viewers have watched these long demonstrations of the second-rate under the subconscious impression that it was all occurring live (possible, though highly unlikely: a single jump cut from Pascoe on the track to Pascoe in the gym would give the game away to all but the *most determinedly imperceptive*). However, there is no reason whatsoever to suppose that anyone was baffled, confused or in any way disoriented even if their impression was wrong.

The baffling thing about the series is why all the money being spent on it is not used instead to set up real sports events. As *Frank Bough rightly pointed out* during *Sports Review of 1975*, the British swimming team has recently been working wonders on a shoestring. Imagine what Wilkie and his colleagues might achieve if all that money was spent on organising top level swimming events instead of low level pseudo-events.

La Scala, Milan

Macbeth

by WILLIAM WEAVER

Strangely enough, Verdi's *Macbeth* has never been popular at La Scala: six productions in the last century, one in 1938 conducted by Marinuzzi, two in the post-war years (1952 conducted by De Sabata, with Maria Callas; 1964, conducted by Scherchen, with Birgit Nilsson). The latest production, which opened the present season, should give this great, difficult, uneven opera a new lease of life at La Scala. Like the *Simone Boccanegra* a couple of years ago, this *Macbeth* is *surely* destined to be revived frequently in the coming seasons. It is a presentation of the work which will bear many visits.

Musically, it could hardly be better. Some opera-lovers may have felt, beforehand, a certain apprehension concerning Shirley Verrett's Lady Macbeth. There was no doubt that this gifted and versatile mezzo-soprano could *negotiate the soprano role: the* notes were there. It was more a matter of *interpretation*. Well, Miss Verrett proved that in addition to handling the exposed high notes, the passages of agility, *she* can also portray the daunting heroine. Most sopranos make Lady Macbeth into a mere virago, larger than life. Shirley Verrett restored her to human dimensions. To be sure, she was eerily frightening at the required moments, but she was also womanly, a wife. At "sei vano, O Macbetto," *she* actually took Macbeth into her arms, consoling him *in his fear. Perhaps in the* Brindisi the voice sounded slightly driven; the toast was suitably hectic, while it lacked a certain brilliance. But elsewhere, notably in her eerie, spine-chilling "la luce langue" and the affecting *sleep-walking* scene, Miss Verrett was insuperable.

Piero Cappuccilli certainly has a beautiful and supple voice, but he is not always an interesting singer. On *off nights*, he tends to lapse into a discreet anonymity. With Verrett as his partner, however, he was obviously fired to surpass himself. His Macbeth, too, is human, real, touching. In this edition, the conductor Claudio Abbado has restored Macbeth's death-scene from the 1847 version of the opera (for the rest this was the 1865 version, with the ballet cut). Musically, this was perhaps a mistake, but it became pardonable thanks to Cappuccilli's eloquent singing of the *brief and embittered page*. The rest of the cast was also first rate: *Nicolai Ghiaurov, a stately* Banquo; Franco Tagliavini, a lyrical Macduff. The chorus—vital in this work—sang with admirable precision and dynamic and interpretative range.

Abbado's conducting was always taut, even implacable, but never gratuitously fast or showy. Nor was there ever any sign of a superior attitude towards the more ingenuous pages. The witches sang: they never cackled, as conductors have encouraged them to do lately. The rustic march accompanying Duncan's arrival was delicate and touching.

This *scene* was also one of the high points of Giorgio Strehler's production. The *banda* plays off-stage as the wicked couple pace up and down, the king appears, the Macbeths kneel before him—all this in a mysterious half-light—and he extends his hands over them in unaware blessing. The stage darkens rapidly, and that's the last we see of Duncan. Strehler and his designer Luciano Damiani have created a *gloomy world. The castle is of* copper slabs (which move up and down with admirable ease, making scene-changes rapid, almost imperceptible); the landscape outside is arctic (Banquo is murdered among slabs of ice).

There are some miscalculations. Macbeth's letter is read not by Lady Macbeth but by an anonymous male Voice Over. Banquo's ghost is not seen (except by Macbeth) and seems to be housed in a kind of hassock which emits a cloud of feathers when the usurper falls on it. The show of kings does not awe, and Macbeth's death is overly casual. He withdraws into some bushes *and emerges, dying*, a *few* moments later. But these are minor flaws (which could easily be adjusted if Strehler has a mind to tinker with his production in the future). The important thing is the general impression, the sum of the achievement—musical and dramatic. It is immense.

Purcell Room

Hiro Imamura

There was strong stuff in the Bartok which the Japanese-American pianist Hiro Imamura gave us at the start of her Kirckman recital on Monday: splendid co-ordination, powerful arm-weight, crisp articulation—almost all the ingredients necessary to give perfectly convincing performances of the eight pieces she chose from Book VI of *Mikrokosmos*. There was only lacking, sometimes, a sense of complete poetical penetration: was it my mood, or was there actually a kind of literal dryness—a missing muscid magic—to her account of the "Diary of a Fly"? And the ostinato accompaniment to the "March," otherwise very pungently done, is surely capable of finer and more interesting gradation? But "Ostinato" itself came across strongly; and she made a beautiful cloud, sensitively nuanced, of "Minor seconds, major sevenths."

In Ravel's *Valses nobles et sentimentales*, Miss Imamura's rather personal rubato tended to obscure the waltz pulse too often, each time for too long. There was some elegant playing, and deft placing of inner voices: but the overall impression was a little blurred—a dance dimly perceived in a rhythmic mist.

Bach's set of 30 Goldberg Variations is one of the great *epics of keyboard literature*. To perform the Goldberg in public without any of its repeats is not only to reduce the length of the astonishing epic exploration from one hour and a quarter or more *to less than 40 minutes, but also* to blunt its dramatic impact by the power of ten—a very similar, and just as bewildering, effect as hearing Beethoven's op. 111, as I did years ago at the Wigmore Hall, played from first to last without one single repeated measure.

It cannot be pedantry to insist on hearing the Goldberg in proper context and perspective, proper scale: difficult to conceive, rather, how any musician could think to present it otherwise. There is hardly a variation that does not sound stunted, *truncated—nos. 4 and 6*, and the marvellous *alla breve* no. 22 I remember particularly—without at least one vital reprise. A tragic decision: for this base objection apart, Miss Imamura's was a performance of promise. Not always of perfect fulfilment: the Goldberg is a lifetime's work, and she still has many hurdles to cross. But it was a performance of energy, dedication and real spirit: light, clean tone, attractive semi-staccato articulation, intelligent voice-leading. Her simple, serene singing of the wonderful aria no. 25 is still with me—even if she sang us only half the song.

DOMINIC GILL

Sadler's Wells Theatre

H.M.S. Pinafore

by ELIZABETH FORBES

The D'Oyly Carte Christmas season at Sadler's Wells Theatre opened on Monday with a performance of *H.M.S. Pinafore*, preceded by the one-act *Trial by Jury*. Owing no doubt to the cold, foggy weather, the house was not quite full, and the audience, at least to begin with, was unusually subdued. *Trial by Jury* is a clever, witty little piece, but it needs particularly stylish playing and singing to make its proper effect. Gareth Jones, as Counsel for the Plaintiff, runs away with the vocal honours, while Barry Clark as the Defendant uses his small but pleasant voice skilfully. The Plaintiff (Glynis Prendergast) flounces about rather too strenuously, and the Learned Judge (Jon Ellison) does not get all his words across in his patter song.

As the curtain rises on H.M.S. Pinafore it is evident that cast and audience are alike warming up. The department of the Sailors shows that this is indeed a happy ship. If their actions are somewhat routine in feeling and inspiration, at least they are executed smartly and cheerfully. Michael Rayner is a fine Captain Corcoran, who can point Gilbert's dialogue as well as he phrases *Sullivan's music*. Meston Reid makes a handsome Ralph Rackstraw, rather too young-looking if it is to be at all credible that Little Buttercup should have mixed him up with Corcoran in her baby-farming days. In fact, Lyndsie Holland as Little Buttercup also seems a bit young herself.

Barbara Lilley, one of the company's new singers, is charming as Josephine. Her voice is not over-large, but well-projected and intelligently managed. The entrance of John Reed as Sir Joseph Porter, followed, naturally, by his sisters and his cousins and his aunts, is the sign for more enthusiastic applause. Not one syllable uttered by the First Lord is lost: such professionalism is wholly admirable, and Mr. Reed never—well, hardly ever—shows the slightest sign of anything less than total immersion in his role, even at the fifth encore of the trio with Corcoran and Josephine in the second act. The trio goes very well, though one more repeat and a certain member of the audience might have been carried off screaming. Royston Nash conducts a section of the New Symphony Orchestra with brisk competence. Michael Heyland is mentioned in the programme as Production Director. Is it wrong, after a perfectly enjoyable evening's entertainment, to feel that the *Gilbert and Sullivan operas*, undoubted masterpieces of their kind, have something more to offer than this? The D'Oyly Carte, like most operatic or theatrical companies in Britain at this time, is in financial straits. It would indeed be a terrible loss if the company should have to fold. We, the audience, will certainly do our utmost to keep D'Oyly Carte alive. In return, is it too much to ask for an extra special effort to keep up artistic standards?

Edward Woodward and Geraldine McEwan in 'On Approval,' which opened last night at the Haymarket Theatre

Leonard Burt

Young Vic

Charley's Aunt

by B. A. YOUNG

For all the 80-year-old Oxford *slang and the plethora of asides* with which Brandon Thomas keeps us abreast of the complications of his plot, *Charley's Aunt* remains a thoroughly serviceable play. I have only once seen it fail, and that was when the part of Lord Fancourt Babberley was taken by a female impersonator who was more convincing as Donna Lucia, Charley's eponymous aunt, than he was as an undergraduate.

Andrew Robertson makes no mistake of this kind. He is an athletic young man as Lord Fancourt (or "*Fanny Babs*," as he is once misleadingly called), and he remains an athletic young man under the old lady's clothes he has been trying on for OUDS when the emergency comes that will keep him marooned in the opposite sex for the rest of a difficult day. He transfers his voice between the treble and the bass clefs as required and never *gets a note wrong*.

Denise Coffey's direction stresses the farcical side of events as far as she can legitimately go, though never beyond. This does not involve exaggerating any of the characters apart from the phoney aunt; Michael Graham Cox's passionate Spettigue is a man reasonably passionate in the circumstances, and Hugh Hastings plays the proto-Jeeves Brassett as a chorus and no more. Exactly why Janine Duvitski should have chosen to make Miss Delahay quite such a ninny is something I could not understand, but it does no harm.

I was momentarily taken aback when two elegant female figures entering from the garden, whom I had taken to be Sally Anne Newton and Joanna McCalum as Kitty and Amy turned out to be an equally charming couple, Miss Delahay and the real Donna Lucia (Judy Wilson): perhaps there ought to be some easy distinction to separate them, though the plot parts them in time. Charles Wykeham (disloyally sent by his guardian to Eton) and Jack Chesney are Alun Lewis and Michael Kitchen respectively, and the grey-moustached Indian Army Colonel Chesney is Job Stewart. I laughed fairly solidly all through, and so—more significantly—did the coachload of schoolgirls who sat all round me. Clearly a good Christmas choice.

Albert Hall

Cat Stevens

by ANTONY THORNCROFT

Cat Stevens, the "Um . . . right . . . well," of British song, was hardly the perfect entertainer to de-frost a cold audience at the Albert Hall on Monday. His bumbling approach and limited vocal range must have caused an impartial observer to wonder at his appeal. In fact the memory of his great songs keeps enough supporters fanatical enough to bolster his usually disastrous live appearances.

By Cat Stevens' own low key *standards this was quite a* successful concert. In an attempt to compensate for his admitted lack of charisma he had used some of his vast financial resources to deck the stage with tubes of light and to erect a backcloth on which intermittent, and only passingly relevant, slides appeared. Even more, some magic men were at hand to awaken *slumbering* critics.

Stevens appeared on stage after a lengthy tax exile (and a prolonged delay) by way of the magicians box, and while he was banging out songs on stage right, a lady (or is it two?) was being sawn in half in the centre. It was a brave effort at entertainment for a musician who so painfully "lacks the chat" but it rather distracted attention from the songs.

And the fact remains that Cat Stevens in his struggling years produced some poignant, simple, melodies which would make *most super-stars green with* envy. He sang them on Monday —"Very Young," "Wild World," "Hard-headed Woman"—and it must be bitter for him to hear the applause which greeted these old memories as against the tepid response to his newer works.

In an intimate club atmosphere Cat Stevens' endearingly self-conscious ravings might charm; separated from a loyally steadfast audience by the size of the hall he was rather sad. But then so are most of his best songs and many of the young girls who find him the ideal musical accompaniment for their loneliness. This was not finally a musical occasion but a communion of restless, disoriented, souls.

WORLD TRADE NEWS

GATT Agriculture Group fixes New Year schedule

BY DAVID EGLI

GENEVA, Dec. 16.

THE AGRICULTURE Group in the multilateral trade negotiations to-day overcame the long-standing procedural deadlock and agreed on a work programme for the New Year concerning products other than meat, dairy produce and grains.

The European Community put forward a proposal in line with the suggestions of Mr. Olivier Long, the GATT director-general, to by-pass the developing controversy on agriculture between the Community and the U.S. Under the proposal, the trading partners agreed to "a process of information, examination and dialogue" with respect to all tariff and non-tariff measures affecting agricultural products not covered by the existing sub-groups.

Countries will notify the GATT secretariat of other nations' measures concerning products of importance to them. Those complaints will be circulated with a view to ultimate bilateral or plurilateral consultations.

While no date has been set for the next meeting of the Agriculture Group, it was agreed that it would decide on the future programme of work according to the way the notification procedure goes. It was expected that would get under way rapidly in the New Year, and concern potentially thousands of products, including fruit, vegetables, tobacco, groundnuts, vegetable oils, fats and fish.

At its previous meeting the Agriculture Group chairman noted the concern expressed over implications for the trade negotiations as a whole of the failure to reach a concensus on a future work programme. That has now been achieved along the lines worked out between the Community and the U.S. and then presented by Mr. Long in the trade negotiations committee.

The understanding, which is something less than a compromise, takes into account the possibility for bilateral consultations, the need for all groups in the trade negotiations to work in concert, and the need to take into account the particular problems of developing countries.

A part of the agreed interpretation of the Tokyo declaration, which launched the trade negotiations in 1973, is that "there shall be liaison between the various negotiating groups to ensure the harmonious and balanced development of all elements subject to negotiation."

While the arrangements to move ahead in agriculture are important, all delegates here recognise that the fundamental differences of views on issues concerning agriculture and how to liberalise trade in this area remain to be solved and will emerge as the talks proceed.

Japan ends self-imposed export restrictions

TOKYO, Dec. 16.

JAPAN has decided not to continue its self-imposed export restrictions on electronic goods, dry batteries and umbrellas for West European markets. Tokyo will lift the curbs from the start of the New Year, a government spokesman announced.

The U.K. is not greatly affected by the change of policy, but it reflects a general tough, yet uneasy, line on the part of the Japanese government towards the touchy subject of export and import controls.

The decision follows talks between Japan and the Benelux countries under the safeguard clause of a bilateral treaty between them. The Benelux nations pressed strongly by Philips, the big Dutch electrical concern, urged that the curbs on electronic goods such as radios, television sets and tape recorders, should be continued.

But the Japanese, *obviously* aware that a concession to the Benelux group could lead to stronger pressure for concessions to other countries, refused. The voluntary restrictions had been in operation since 1973.

In spite of popular pressures against Japanese goods, as far as the sensitive area of colour televisions is concerned Japanese imports to the U.K. have been falling and this year are 40 per cent. down on 1974. Indeed, the Japanese market share has fallen from 271,000 sets or 9.8 per cent. in 1973 to 100,000 sets or 7.8 per cent. of the market in the first nine months of this year.

The overall foreign share of the U.K. market for colour televisions is much less than that for most other consumer durables, which are largely imported from Western Europe.

For example, 13 per cent. of U.K. colour televisions are imported against 24 per cent. of washing machines, 45 per cent. of refrigerators, 48 per cent. of deep freezers, and 90 per cent. of dish-washing machines.

Last month, when it was known that Japan was planning to drop its voluntary export curbs, Mr. Eric Deakins, junior Trade Minister, said in reply to a Parliamentary question that the U.K. reserved the right to use its own powers if there was an increase in the imports of colour televisions which threatened to disrupt the market.

Britain is to adopt import surveilance licensing for colour televisions and television tubes which will allow checks to be applied before the goods reach this country.

As far as the other goods on the Japanese list are concerned, the removal of curbs on dry batteries affects mainly West Germany and France and those on umbrellas affect other Common Market countries, but not the U.K., which imports umbrellas mainly from Hong Kong and Taiwan.

Car manufacturers are adamant in refusing to bow to any British pressure to restrict their exports to Britain next year, spokesmen representing Toyota and Nissan, Japan's "big two" car companies, said here to-day.

They explained that they expected demands for voluntary export restraint by Japan when Japanese negotiators were in London on Thursday and Friday this week to meet representatives of the Society of Motor Manufacturers and Traders.

Reuter

Swiss trade gap fails again

By John Wicks

ZURICH, Dec. 16.

SWISS IMPORT values declined in November by 23.8 per cent. to Sw.Frs.2.56bn. (£483m.) from Sw.Frs.3.36bn. (£633m.) a year earlier. Exports fell only 4.9 per cent. to Sw.Frs.3bn. (£566m.) compared with Sw.Frs.3.16bn. (£596m.), giving Switzerland a foreign trade surplus for the month of Sw.Frs.445.3m. (£84m.) against a deficit a year earlier of Sw.Frs.200.1m. (£38m.).

As a result, the country's trade gap for the first 11 months of 1975 narrowed further to Sw.Frs.1.07bn. (£202m.), or as much as 85.2 per cent. down on the same period in 1974, when the deficit totalled Sw.Frs.6.20bn. (£1.17bn.).

SMALL RISE IN PREMIUM INCOME

Swiss insurers premium income rose by 1.3 per cent. for the calender year 1974 to Sw.Frs 15.3bn. (£2.9bn.) from Sw.Frs. 15.11bn. (£2.8bn.) according to figures just published.

Of this sum, Sw.Frs.8.2bn. (£1.54bn.) is estimated to have come from direct or indirect business abroad. This foreign income divides up approximately into 50 per cent. re-insurance, 40 per cent. direct accident and casualty insurance and 8 per cent. life assurance.

Due to alterations in the exchange rates, Swiss-Franc premiums of accident and casualty insurers fell minimally to Sw.Frs.7.78bn. (£1.45bn.) from Sw.Frs.7.79bn. (£1.46bn.) over the year and those of re-insurance companies by 1.8 per cent. to Sw.Frs.3.43bn. (£647m.) from Sw.Frs.3.49bn. (£658m.) despite noticeable increases in terms of local currencies.

U.K.-Iran Commission

Mr. Fereidoun Mahdavi, Iranian Minister of Commerce, and Mr Peter Shore, U.K. Secretary of State for Trade, will be co-chairmen of to-day's opening meeting in London of the Irano-British Joint Ministerial Commission for Trade and Economic Development.

Britain to advise Kuwait on nuclear industry

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is to advise Kuwait on the development of a nuclear energy industry and help to train Kuwaiti scientists for nuclear roles.

The first Kuwaiti scientists would be arriving for training at Harwell early in the New Year, said Dr. Walter Marshall, Board member of the U.K. Atomic Energy Authority, yesterday.

Dr. Marshall, who yesterday took up a new appointment as deputy chairman of the U.K. AEA, negotiated the agreement with Sheikh "Jock" Al Ghanim, the Scottish-educated Minister of Electricity and Water. Kuwait expects to purchase its first nuclear station, of 600 MW, within the next decade.

Britain will be advising on the choice of reactor, on how to combine nuclear energy and desalination and on the infrastructure required to take nuclear energy decisions.

But the Kuwaitis have stressed that they have no interest in the new U.K. "steamer" (SGHWR) reactor. They take a very cautious view of nuclear energy, said Dr. Marshall, and want to buy a reactor which has already operated at full scale and which can be regarded as fully proven.

They would not even look at the "steamer." Dr. Marshall believed, until it had been operating in Britain at 660 MW size for *several years—in effect, not* before the mid-1980s. This appears to limit the reactor choice to light-water reactors, the Canadian Candu reactor and—conceivably—the Russian pressure tube reactor.

Dr. Marshall pointed out that, as advisers, Britain would be able to take a more detached view of reactor choice since its own reactor industry would not be affected.

India foresees closer co-operation with Iran

BY K. K. SHARMA

NEW DELHI, Dec. 16.

ON HIS return from Iran at the head of a nine-member industrial delegation, Mr. Harish Chandra, president of the Federation of Indian Chambers of Commerce and Industry said there was evidence that the Shah of Iran had issued a policy directive that economic relations with India should be improved.

Mr. Mahindra felt that once the "psychological" in favour of the West in Iran's business community was overcome "there is no limit to the development of economic and commercial relations" between India and Iran.

Indian entrepreneurs will now participate actively in Iran's industrialisation programme. The delegation found considerable interest in Indian participation in the manufacture of equipment for the expansion of existing, and the setting up of new, cement and sugar plants and in bicycles, scooters, ceramics, motor parts, machine tools, and spare parts for the fast growing textile industry in Iran.

A technical team from Iran will arrive in India towards the end of January to locate Indian parties which can supply motor ancillaries of good quality and on agreed delivery schedules. An Indian team is to visit Iran to give technical advice on setting up a project there to manufacture parts for the Iranian textile industry.

Mr. Mahrindra feels that India and Iran constitute "each other's natural markets with considerable absorptive and adaptive capabilities." But there is a need for national enterprises in both countries to become aware of each other's technological advancement and the quality and range of goods that could be exchanged.

For this the Federation of Indian Chambers of Commerce and Industry and the Iran Chamber of Commerce, Industries and Mines has decided to set up joint business co-operation committees.

AMERICAN NEWS

Senate passes tax cut Bill despite Ford veto threat

BY DAVID BELL

WASHINGTON, Dec. 16.

CONGRESS HAS now passed the Bill which would continue the current tax cut for a further six months despite President Ford's repeated assertion that he will veto the measure unless at the same time the legislature cuts spending and fixes a budget ceiling.

The Bill will now go to President Ford who has already been seriously embarrassed by the fact that 18 Republicans voted with the Democrats last night in the Senate to produce a large margin of 73 to 19 in favour of the tax cut, worth some $6.5bn. in the next six months.

Mr. Ford has promised a swift decision on the Bill and if he does veto it taxpayers face higher tax deductions from next month, which is likely to be unpopular at the start of an election year. The President is refusing to compromise on the grounds that Congress is being reckless in continuing the tax cut without fixing a budget ceiling for fiscal year 1977 which would mean a cut in Federal spending.

However, the wide measure of bipartisan support indicates that many Senators do not accept this argument and Congress may well move equally swiftly to over-ride a Presidential veto—possibly by the end of this week. This would further damage Mr. Ford's somewhat shaky political position.

Part of the Congressional opposition to the President stems from the fact that this is the first year of the new budget committee, whose function is to fix precisely the kind of ceilings that the President is now proposing. This committee, whose chairman is Senator Edmund Muskie, has argued strongly that to fix ceilings now for the fiscal year beginning October 1 1976 would be very unwise, particularly as it is not yet at all clear how fast the economy is going to expand.

November housing starts drop

BY JUREK MARTIN

WASHINGTON, Dec. 16.

FURTHER doubt over the strength of the American economic recovery was cast to-day by the latest statistics covering new housing construction. The Commerce Department announced this afternoon that housing starts in November stood at a seasonally adjusted annual rate of 1.375m., 6 per cent. below the revised October rate.

These figures fit into what has become a rather distressing litany for the Ford Administration of late, with the autumnal surge in economic activity apparently subsiding into a winter of discontent and uncertainty about next year.

The housing data provide a perfect case in point. Trying to glean some optimism from the figures, a Commerce Department spokesman noted that the October returns of 1.457m. new starts, up nearly 200,000 on the previous month, were freakish and that a better assessment of the November performance could be made by comparing with the July to September period when the seasonally adjusted rate varied between 1.235m. and 1.269m.

But he acknowledged that the immediate outlook was not good, with the December figures only likely to show between 1.1m. and 1.2m. new starts, seasonally adjusted.

Particularly discouraging was the continued slump in the "five-plus" sector — new apartment building with more than five units — where an annual rate of 287,000 new starts in November was barely half that of the start of last year. "There must be a strong recovery in this sector if the overall position is going to get better," the spokesman noted.

There does not seem to be much evidence of this so far. Permits granted for new building in the "five-plus" sector in November only stood at a seasonally adjusted 264,000. Across the board new permits were 4 per cent. up last month, compared with October, but the Commerce Department was singularly unmoved to optimism by this.

Texaco 'worst' on air pollution

NEW YORK, Dec. 16.

A TWO-YEAR study of the nation's eight major oil refiners has determined that Texaco Inc. has done the worst job of controlling air pollution, a private research group said. Gulf Oil Corp. was described as the worst at limiting water pollution.

Atlantic Richfield Corp. and Standard Oil Co. of California have been the best at controlling air pollution, the research group said, adding that Exxon Corp. and Shell Oil Corp., an affiliate of the Royal Dutch-Shell Group, have been best at controlling water emissions. Atlantic Richfield has achieved "the best overall pollution control," the group *said*, but none of the companies was named as the worst overall.

The performance of the eight refiners was evaluated in a 478-page report released by the Council on Economic Priorities, a non-profit research group.

AP-DJ

U.S. arms are being withheld, says Peres

By David Bell

WASHINGTON, Dec. 1[illegible]

THE ISRAELI Defence Minis[illegible] confirmed in Washington to-[illegible] that the U.S. has not suppl[illegible] Israel with all the arms speci[illegible] in various agreements m[illegible] *during the past 15 months.*

Mr. Shimon Peres a[illegible] reiterated Israel's determinat[illegible] to boycott the forthcom[illegible] Middle East debate at the [illegible] in spite of intense U.S. press[illegible] on the Israelis to attend. [illegible] Secretary of State Henry [illegible]singer has been attempting [illegible] persuade Israel to take part [illegible] the debate even if that were [illegible] mean that it would be abs[illegible] during speeches by Palestinians.

Mr. Peres declined to spe[illegible]late on why the U.S. has not provided Israel with all the ar[illegible] promised, but he insisted t[illegible] he was not complaining and t[illegible] he hoped that the rest of [illegible] promise would be kept in [illegible] course. He would not say wh[illegible] items have not been delivered.

Mr. Peres' remarks follow[illegible] his first meeting with Mr. Don[illegible] Rumsfeld, President Ford's n[illegible] Secretary of Defence, and ca[illegible] a few days after the Penta[illegible] announced that it would [illegible] Israel 25 F-15 aircraft during [illegible] next two years.

The Israeli Defence Minis[illegible] said that the two sides had a[illegible] discussed the F-16 aircraft t[illegible] would not be available until [illegible] 1980s but which Israel hopes w[illegible] be a key element in its air [illegible]fences at that time. There w[illegible] no concrete commitment, [illegible] there was a general understa[illegible]ing that in due course it shou[illegible] become part of Israel's [illegible] Force, he said.

Mr. Peres said that lat[illegible] Israeli estimates suggested t[illegible] the Arabs now have at least [illegible] Mig 23s and an undisclos[illegible] number of high altitude M[illegible] 25s. Syria has about 40 M[illegible] 23s and Egypt between 25 a[illegible] 30 with the rest divided betwe[illegible] Iraq and Libya according [illegible] Israeli intelligence.

Trudeau rebukes U.S. envoy

By Victor Mackie

OTTAWA, Dec. 16.

PRIME MINISTER Pierre Trudeau rebuked departing U.S. Ambassador William Porter in the Commons yesterday for suggesting that relations between Canada and the U.S. are deteriorating.

Mr. Trudeau said that in talks he has had with President Ford and Secretary of State Dr. Kissinger there have never been suggestions of any such deterioration.

The Ambassador, leaving for a new diplomatic post in Saudi Arabia, went "beyond the acceptable bounds within which an ambassador should stay," according to Mr. Trudeau.

The Ambassador, in remarks to a small group of journalists at a farewell reception on Saturday, said that in the past two years relations between the two countries had deteriorated adding that he was speaking "on the record."

In the House, Mr. Trudeau said that he was sure that the U.S. Government would not agree with the Ambassador's statement.

Record $2.1bn. budget for Trinidad

By David Renwick

PORT OF SPAIN, Dec. 16.

WITH a general election just *around the corner*, the Trinidad and Tobago Government has budgeted for a record $Trinidad 2.1bn. for 1976.

This is $335m. more than the revised estimate for 1975 and is equivalent to $2,100 per head of population—the highest ever in Caribbean Government history.

The record budget is made possible by the high oil price and the fluctuations in value on world money markets of the pound sterling to which the Trinidad and Tobago dollar is officially pegged.

Because the pound has been floating downwards in relation to the United States dollar there has been an effective "devaluation" of the Trinidad and Tobago dollar, which has meant that for every U.S. dollar in taxes paid by the oil companies, the Trinidad and Tobago Government has been collecting something like $2.30 (Trinidad and Tobago currency) more.

Colombia expels 30 Ecuadoreans

By Our Own Correspondent

BOGOTA, Dec. 16.

THE COLOMBIAN Government has expelled 30 Ecuadorean citizens for "interfering in the internal politics of another country." Among the 30 are both military and civilians who have been plotting against General Rodriguez Lara's Government and have publicised some details of their plan to overthrow him before the end of the year.

Leading figures among the exiles, most of whom have been deported from Ecuador over the past three months for their participation in the September 1 military revolt, include General Raul Gonzalez Alvear, leader of the revolt, and Carlos Julio Arosemena Monroy, ex-President of Ecuador.

Velasco Ibarra, who was President of Ecuador five times *and now lives in exile in Argentina*, was overthrown by Rodriguez Lara in February 1972, and has never hidden his eagerness to see the present regime fall.

Venezuelan crude output falls again

By Joseph Mann

CARACAS, Dec. 16.

VENEZUELA'S crude oil produ[illegible]tion has reached its lowest poi[illegible] for the year—1.75m. barrels p[illegible] day—and may sink as low [illegible] 1.5m. barrels during the next fe[illegible] weeks, sources in the Governmen[illegible] said.

Mines Minister Valentin [illegible] Hernandez said that the new cut[illegible]backs, which have brought pro[illegible]duction to 1.23m. barrels belo[illegible] last year's average, were mad[illegible] because of the sluggish sales [illegible] Venezuelan crude and refin[illegible] products abroad.

GOLD SALES CAL[illegible]

WASHINGTON, Dec. 16

A U.S. Congressional panel h[illegible] called for changes in the Int[illegible]national Monetary Fund (IM[illegible]) gold agreement and said t[illegible] *sales of IMF-held gold should* [illegible] keyed to getting the metal [illegible] of the monetary system, rat[illegible] than to "maximise profits" fr[illegible] such transactions.

AP-DJ

MEXICAN RURAL POLICY

The elite and the peasants

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

PRESIDENT Luis Echeverria's policy towards agriculture and the country's 25m. peasants is in deep crisis. Vast quantities of money have been spent during the past five years, but there is less food produced and more social unrest than in recent memory.

The atmosphere of agitation, frequent armed conflicts, and daily land invasions have given rise to some fears that a peasant uprising is in the making. That is not in fact likely. Through the Institutional Revolutionary Party (PRI) and, when necessary, the army, the urban elite is still in control of the countryside. But the crisis has laid bare the inadequacies and contradictions of the Government's agricultural policy and has seriously undermined its claim to be heir to the peasant revolution of some 60 years ago.

The crude reality is that the "winners" of the 1910-17 revolution are almost as badly off to-day as they were before the bloody conflict which cost more than 1m. lives. Certainly a major social revolution did take place at the time because the peasants broke the power of the landed class and their allies in the church. But while communal plots or *ejidos* were distributed to the peasantry, political power was transferred to a new urban bourgeoisie which has become increasingly conservative and unresponsive to the problems of the peasants.

In political terms, the peasants have been kept in check through a clever strategy of rhetoric and repression. Every regime seeks to out-do its predecessor with promises to the rural poor, while *the politicians, bankers* and industrialists who rule Mexico to-day happily pay homage to peasant leaders of the revolution such as Emiliano Zapata and Pancho Villa. Yet on the rare occasions when independent peasant leaders emerge, they are quickly either "bought," jailed, or killed. The National Peasant Confederation, which forms part of the PRI, is a mechanism of control rather than representation and is entirely run from Mexico City.

Over the years, the political *weakness of the peasantry has* been reflected in a steady deterioration of living conditions: Families have grown and farms have been sub-divided into hopelessly small plots. Erosion and the absence of credit and fertiliser have depressed productivity: low food prices and corrupt middlemen have discouraged output; rural unemployment and underemployment have increased, forcing more and more peasants to migrate to the cities or, illegally, to the U.S.; malnutrition, disease and illiteracy have remained the norm for rural inhabitants.

> **The crude reality is that the 'winners' of the 1910-1917 revolution are almost as badly off to-day as they were before the bloody conflict.**

Even before he took office in December, 1970, Sr. Echeverria recognised the urgent need for increased government action in the countryside to improve the lives of the peasantry and to increase food production for domestic consumption and for export. Travelling to the most distant corners of the Republic, he heard the same desperate complaints and promised to respond. Since then, hundreds of millions of dollars have been spent on credit, technical assistance, and infrastructure, such as irrigation dams and access roads. The entire rural financing structure has also been reformed and efforts have been made to reduce corruption within the agrarian bureaucracy.

Yet, while Sr. Echeverria has been very critical of the post-revolutionary agrarian reform, his policies have been designed to revive the myth that the peasants of Mexico have not been forgotten and are still represented in the Government to-day. During a recent address to Congress, for example, the President declared that "the Mexican state is the fruit of a popular revolution carried out *mainly by peasants and the* present Government exists thanks largely to the overwhelming support of the rural inhabitants." Sr. Echeverria and other top officials have resorted to fiery rhetoric to urge peasants to *defend their rights* and to convince them that they have an ally in the regime.

The result of this policy has been to aggravate the confrontation between to-day's landless peasants and the large landowners *who are producing most* of the country's food. Particularly in the north-western states of Sinaloa and Sonora, where large landowners have benefited from state-financed irrigation projects, there have been numerous land invasions and occasional shoot-outs involving peasants, landowners and even soldiers.

Early in December landowners in the north-west even declared a production "strike" to protest against this agitation. Sr. Echeverria intervened personally to resolve the "strike" and to call for an end to land invasions and violence, but the continuing hostility of the landowners towards the Government has resulted in a steady drop of investment and production since 1970.

The Government's agricultural policy has in fact made the problems worse. Sr. Echeverria's promises to the peasants have increased their expectations of land, but he has refused to revoke the so-called Agrarian Injunction which protects landowners from expropriation. Similarly, while he has pumped money into the rural sector, he has failed to stimulate pro[illegible]tion because he has held d[illegible] food prices artificially, evide[illegible] a concession to the urban mas[illegible]. One effect is that, in 1975 al[illegible] almost 2m. tons of basic gr[illegible] will be imported, adding a [illegible] burden to Mexican paym[illegible] troubles.

The only apparent attemp[illegible] improve the antiquated sy[illegible] of land tenure has come in [illegible] sponsorship by the regime [illegible] collective *ejidos*. By joinin[illegible] numerous *ejidos* and form[illegible] land units of a viable dimen[illegible] the Government hopes that [illegible] poorest peasant farmers wi[illegible] able to increase production. [illegible] there is resistance from [illegible] peasants and landowners an[illegible] far, only about 100 of the [illegible]try's 23,000 *ejidos* have [illegible] collectivised.

The low productivity of *ejido* farms is shown by the [illegible] that 85 per cent. of the *workers account for only* 1[illegible] cent. of total agricultural ou[illegible]. On the other hand, the landholdings, which have g[illegible] up since the revolution thr[illegible] a number of legal fictions, [illegible] 20 per cent. of the arable (though 60 per cent. of the [illegible]gated areas) and produce a[illegible] 90 per cent. of the marke[illegible] food.

Perhaps the most concl[illegible] proof of the limited succe[illegible] the administration with [illegible] peasantry is that the Presi[illegible] designated successor, Sr. Lopez Portillo, is now he[illegible] many of the same complai[illegible] Sr. Echeverria did when h[illegible] campaigning six years [illegible]. There is no simple soluti[illegible] the agrarian crisis, but th[illegible] ter cannot improve econom[illegible] as long as it remains a po[illegible] football. The fact that no d[illegible] solution of its problems has [illegible] attempted, however, is evi[illegible] that the urban elite still [illegible] not believe that the crisi[illegible] reached explosion point.

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OVERSEAS NEWS

MPLA 'holds S. African regulars'

BY JANE BERGEROL

OUR WHITE soldiers alleged be regular South African oops, captured on the southern ngolan front, were to-day presented to journalists in Luanda the People's Movement for e Liberation of Angola IPLA). The prisoners reriedly identified themselves th their names, South African my numbers and ranks and explained they were taken north of la on the southern front, while ing to collect a vehicle for pairs.

They identified themselves as annes Gerhardus Terblanche, th South African Army No. 433230 from the permanent rce (regular army); Robert ilson (also permanent force) th Army No. 7335-1896; Graham nney, a regular with Army No. 419665; and a soldier serving 12 month period, Robert lehahn with Army No. 373104.

The prisoners are the first uth Africans the MPLA has esented to the Press to back up eir claim of involvement by regular South African Army the Angolan war on the FNLA-ita side.

The four prisoners were reted to have said they had tered Angola in a logistical pport convoy to work with LA and Unita against the PLA. The convoy had embled at Groetfontein, near Namibia border with Angola d included land rovers, Bedd trucks, recovery vehicles, noured cars and some artillery. They had crossed into Angola hout frontier formalities and one soldier said South African Regular troops are now controlling the frontier region.

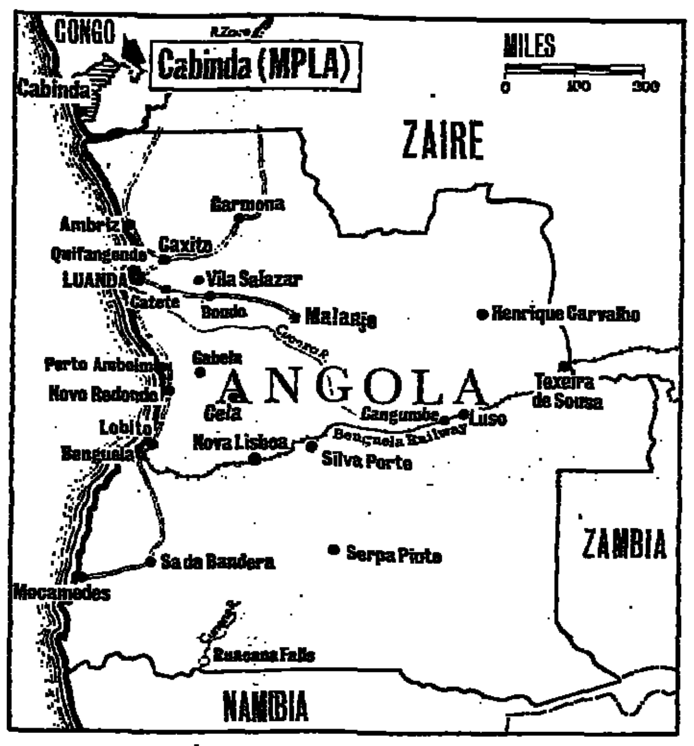
They said they were replacing other regular South African units which had already served time in Angola. South Africa has denied direct involvement in the war but admits to having troops stationed round the Cunene Dam, much farther south than Cela. At Groetfontein they were reportedly issued with special uniforms for the Angola mission, but with normal issue boots and rifles. They also had to give in personal documents and fill in forms allotting them a number for receiving mail forwarded to units in Angola via the Groetfontein base camp. There was no suggestion by the prisoners that they formed part of any mercenary force. The men claimed that there were substantial numbers of regular South African troops on the southern front in Angola under the command of a South African general though they could not substantiate this. They named their own convoy commander as a Major van der Westuizen.

Before their Angola mission the prisoners had been stationed at Pretoria, Transvaal and Bloemfontein and all have received their mission orders from officers and NCOs at their home bases.

● Dr. Jonas Savimbi, leader of the Angolan independence movement Unita, was quoted in Kampala to-day as saying that South African forces have moved about 94 miles into Angola but denied they were fighting alongside his movement.

Radio Uganda reported Dr. Savimbi as saying: "We are very much aware that South Africa has penetrated Angola, but since its troops are equipped with very sophisticated weapons we cannot fight them." Reuter

● A Senate subcommittee, considering legislation to prohibit any military or economic aid to Angola without Congressional authorisation, unexpectedly went into executive session on Tuesday for a briefing by Central Intelligence Agency and State Department officials. The panel, which originally had planned to have its hearing open, met after Senate Liberals moved on Monday to cut off any military aid to Angola. UPI



Benguela railway still intact

BY JAMES BUXTON

SPITE the fighting in Angola, British-owned Benguela rail-, which connects the ports of ito and Benguela with Zaire Zambia, is still technically ict, according to reliable rces in London.

lthough no through trains rate, there are still local n services in the Lobito and iguela area and also in areas her up, closely controlled by er the MPLA or UNITA.

ecent reports from Lusaka t the MPLA had been destroy- bridges on the line in the o area while their forces e withdrawing are discounted London because there are no lges on that stretch of the .

etween Luso and Lobito the is believed to be in the ds of UNITA, while the MPLA is thought to control the stretch between Luso and the border with Zaire—a stretch of about 320 km. There are conflicting reports about which side holds the town of Luso.

Almost all reports from Angola suggest that the rival forces have all been careful not to destroy the infrastructure of the country in any way. Although a few trucks belonging to the Benguela railway were damaged at one stage, there has been no other damage to engines or rolling stock.

It is pointed out that only rocket and mortar attacks could harm the track.

The Benguela Railway company, 90 per cent. owned by Tanganyika Concessions (the other 10 per cent. belongs theoretically to the Government of Angola), still has a skeleton staff in Lobito, while about 150 Portuguese-speaking Europeans are at present in Europe waiting to return.

When the railway is all in the hands of one organisation the management hopes to be able to survey it and resume through services.

One problem is that many of the Africans who work on the line have disappeared into the bush because of the fighting and will have to be lured back when the railway gets under way again.

The closure of the line to through trains—the last was in August—has cau ed severe problems for Zambia and Zaire. Zambia has had to declare force majeure on some copper shipments, but it is now able to u e the recently opened Uhuru railway to Dar es Salaam.

Japanese recovery delayed

By Peter Duminy

TOKYO, Dec. 16.

MORE DELAYS in Japan's business recovery are apparent from November's poor foreign trade showing and a preliminary GNP figure giving growth (seasonally adjusted) of only 1 per cent. in the July-September quarter.

The impression of stagnation is heightened by revision of the April-June growth estimate to 1.1 per cent. instead of the previously published 0.8 per cent., so that it appears the economy may have failed to maintain its earlier modest headway. However, it is a moot point how the foreign exchange markets can be expected to react. This is because the drop in both exports and imports continues to give the "shrinking equilibrium" that has been the main feature of Japan's payments picture since last March.

In that respect there was, in fact, an improvement in November. Exports were 14 per cent. lower than a year earlier at $4.3bn. and imports were 12 per cent. lower at $4.3bn. and imports were 12 per cent. lower at $3.9bn., so the trade surplus increased slightly from October's $347m. to $440m. For the same reason the current account deficit was reduced to a mere $20m. from $136m. in October.

The capital account was also stronger, with the net outflow of long-term capital held to $180m. instead of $330m. the previous month, and with short-term outward movements (and errors) put at $190m. in place of $332m. Taking all these factors into account the overall deficit was reduced to $390m. from $790m.

Detailed figures show exports to Britain 42 per cent. lower than a year ago at $84.6m., while imports from Britain maintained the growth of the previous two months.

Algerian troops 'land n Sahara'

RABAT, Dec. 16.

E OFFICIAL Moroccan news ncy said to-day that a small nber of troops had landed n Algerian boats on the der between Mauritania and Spanish Sahara and had led with Mauritanian soldiers. he report was not confirmed Algeria or by Mauritania. The 's agency Maroc Agence sse did not quote any source its report filed from the ara capital, El Aiun. The ncy said, "motor launches ng the Algerian flag landed n and military material during day of December 15 in the ll fishing port of La Guera r the Mauritanian frontier. Serious fights followed ween the elements landed by Algerian ships and regular uritanian units." UPI

Beirut truce takes hold

BY IHSAN HIJAZI

BEIRUT, Dec. 16.

GUNS in most parts of Beirut were silent to-day as the ceasefire announced late on Sunday night was generally observed.

The Lebanese capital had one of its quietest nights in weeks even though sporadic exchanges between left-wing Moslem militiamen and the Christian Phalangists continued in some suburbs and the streets were still regarded as unsafe. Radio Beirut told the public to be patient because the full implementation of the ceasefire, the 16th in 10 weeks, would still take some time.

In the central districts which had witnessed the fiercest fighting over the past week the situation was calm. Moslem and leftist militiamen withdrew from their positions in the St. Georges and Phoenecia Hotels, but were still deployed in strength in the sea front area.

Security forces have taken positions in these and have also moved into the "Murr Tower" on the hill in the Kantari district from where the Leftists had directed shelling of the Holiday Inn. To-day they were also moving on to the main Beirut-Damascus highway to ensure resumption of traffic there.

The main problem, however, is enforcing the ceasefire in the rest of the country. A group in charge of the truce, known as the Higher Co-ordination Committee, will deal next with the tense situation in the capital's suburbs and the strife-torn northern part of the country.

Both Moslem combatants in the northern port of Tripoli and their Christian rivals from Zgharta in the hills last night attacked Army posts and got away with military ammunition and vehicles, according to a military communique.

Reuter reports: Phalangist forces still occupied the Holiday Inn hotel, defying the latest ceasefire agreement which called for internal security forces to replace gunmen of both sides in the main battle areas.

ILITARY RULE IN GHANA

Bringing in the generals

BY CAMERON DUODU, ACCRA CORRESPONDENT

SPITE the huge turnover of sonnel in the drastic Cabinet uffle announced by the naian Head of State, Col. Acheampong, this month in ch more than half the ernment was chopped, no erences between the policies the "new" administration the one it replaced, have so emerged. Ghana still welles foreign investment within perimeters laid down by the estment Policy Decree, while foreign affairs, African and rd World questions remain focus of attention.

ndeed, the changes affect the ed Forces—and the manner their representation in the ernment — more than they t the country's administra as such. Before October, Armed Forces had ruled country through the ional Redemption Council RC) made up of the junta that ed power from the Progress ty Government led by Dr. Busia, on January 13, 1972. top military appointments well as State policies were ided by the NRC, sometimes ne, sometimes jointly with executive council: a body le up of members of the NRC other commissioners nisters) who did not belong the NRC.

Authority

is now apparent that since NCR contained relatively nior officers" its position a-vis the Armed Forces was cult; top military men often nd themselves "lobbying" ers who had only recently n under them, to obtain ernment action of one sort another. That prompted Acheampong to set up an med Forces Council" to advise the NRC on military matters. But this does not seem to have gone far enough, and in October, the Chief of Defence Staff, as well as the Commander of the Army, Navy, Air Force and Border Guards induced Col. Acheampong to replace the NRC with a new Supreme Military Council (SMC) on which the Chief of Defence Staff, the Service Commanders, and the Inspector-General of Police, would serve, under the chairmanship of Col. Acheampong, as the highest authority in the country.

The establishment of the SMC streamlined the relationship between the Armed Forces and the Government by making it clear that it was the top men of the Armed Forces who ruled the country, and not just a "junta." But it rankled with the offi ers who, with Col. Acheampong, had carried out the 1972 coup. Three resigned—Col. Kwame Baah, former Commissioner of Foreign Affairs, Col. Anthony Selormey, former Commissioner of Health, and Col. K. B. Agbo, former Commissioner for Labour, Social Welfare and Co-operatives.

They had been retained in the Government—in an Executive Council now anomalously renamed NRC—but having perceived that this new NRC would be subservient to the SMC (of which they were not members) they chose to go, and were all retired from the Army. The end result is that while Col. Acheampong has stabilised the position of the Government by involving the Armed Forces more formally at its apex, he has lost the services of some of his oldest collaborators. No doubt he regards this as a temporary setback to be quickly overcome by stamping his authority firmly on the new men around him. Most of these do in fact owe their Armed Force appointments to him, if only because he created the vacancies at the top which they were later to fill.

There have been two attempts in the past to set up a representative National Advisory Council, both of which failed to win support largely because the manner of selecting the members fell far short of the democratic ideal. One of the dons at the University of Ghana has produced an idea that might yet attract the Government—the election of a National Consultative Assembly. The Assembly could be directly elected by secret ballot, the election campaign being conducted on a strictly non-party basis.

Assembly

Among the intelligentsia it is felt that by subjecting themselves to the probes and suggestions of an elected body, the soldier ministers can only do better in their jobs. Similarly, by allowing criticism to surface legitimately in a forum established with public funds and which enjoys public support, the conditions of stability and peace would be created which are lacking whenever a military cabal—more often than not cut off even from its own base in the barracks—rules by decree and is criticised only with bated breath. Eventually, it is argued in Accra, members of the Assembly could be asked to elect some of their number to join the Government both as Commissioners and as members of the SMC, so that the vexed question of whether there should be a purely military government or a wholly civilian administration could be settled once and for all. This is important because of what happened in 1969, when the military left the scene altogether only to reappear just over two years later.

But even if the SMC were to accept such an idea, it is difficult to tell whether civilians of the right calibre would come forward in adequate numbers to put themselves forward for election. The Government would have to provide guarantees to assure them that co-operating with the military would be "safe" and would not otherwise rebound to their disadvantage.

The new members of the administration have their job cut out to recapture the dynamism with wh'ch the military approached the task of Government when they first came into power on January 13, 1972. As a result of the oil price increases, and also of what the Government has admitted was "a breakdown in the import licensing system," Ghana's import bill rose from $460m. in 1973 to $820m. in 1974, leading to a deficit on current account of nearly $200m. in 1974.

To prevent a similar thing happening in 1975, it is not enough merely to cut import levels; the local production of agro-based raw materials must be stepped up. Much lip service has been pa'd to the need for local production of such goods in the past, yet industrial inputs continue to take a large chunk of foreign exchange earnings. The Government will also have to infuse a sense of purpose into the public service, wh'ch, at times of major administrative changes, simply folds up for months on end, blaming its inaction on "lack of direction" from the new men at the top.

The challenges that face Col. Acheampong, then, are many, but he has resilience and can be expected to come as close to meeting them as can be expected of any soldier in Ghana.

EUROPEAN NEWS

The European Court yesterday gave its ruling in the sugar cartel case. A. H. Hermann fills in the background to . . .

The great cartel story

THE EUROPEAN COURT'S judgment in the Sugar Ring case was announced yesterday in Luxembourg. It will bring into focus several issues which not only concern the European sugar cartel and the contradiction between the agricultural and competition policy of the Community, but also arise in connection with many other international cartels.

The Sugar Ring case launched by the EEC Commission as a great publicity exercise in 1973 was designed to demonstrate its *concern for the consumers* and to shift the blame for high prices of sugar on to the shoulders of industry. It took three years and several tons of documents to establish that most of the accusations could not be proved and that those that were proved had no great importance in view of the dirigiste nature of the agricultural policy of the Community. But agriculture is not the only sector of economy controlled by Brussels. Also the European Coal and Steel Community must be seen as a great international cartel by means of which Brussels can determine the conditions for many other industries.

Minute

The question behind the questions which the Court has been invited to answer is: Why should a market regulation, enforcing officially determined price limits be deemed beneficial to the *Community* when operated by the Commission, and detrimental to the Community when resulting from private agreements or from their compliance with national statutory marketing arrangements? What makes these *questions so topical is that in* the present economic depression industry no less than agriculture seeks international regulation of markets. Preserving the ideal of perfect competition could hardly benefit those countries *which* would emerge from the depression as an industrial wasteland because the competitive advantage of other countries had proved too much for them.

The Court found the European Sugar Ring to be only a minute embellishment on the structure of the great, old-established international sugar beet cartel whose successor is the Sugar Directorate of the EEC Commission. The function of this European cartel in its various guises has always been to preserve the European sugar beet *industry originally developed on* the Continent under the protection of Napoleon's continental blockade. The competitive advantage has been always on the side of cane sugar. But European countries did not want to be *dependent on imported* cane sugar for economic as well as defence reasons. Similar considerations can be advanced to justify some industrial cartels.

Like the multinational company, international cartels have achieved a certain international division of labour, of markets, and of profits, which is the objective of EEC in agriculture, and of Comecon, its East European parallel, in all sectors of economy. As they do so for their members' own good it is assumed that no public good results. It seems that the secretive world of international cartels allows of nothing but sweeping generalisations.

The area on which more light *should be thrown is fairly* narrow: international restrictive arrangements concern mostly commodities and industries where there are only a few very large enterprises operating on the basis of advanced technology. Of the 25 international cartels registered with the Federal Cartel Office in Berlin at the end of 1972, nine concerned electrical engineering, nine chemical industries, and three iron and steel. British partners participated in four of the electrical engineering cartels, in three of the chemical cartels, and in all the iron and steel cartels reported in Germany.

Contemporary British sources are more discreet. It is known only that by the end of 1974 of 130 registered export cartels still in force, 41 had international affiliations. In 12 of these Britain has been represented by purely national companies, multinational companies operating in Britain also took part in the remaining 29.

A European drive against international cartels was started by the Quinine decision of the EEC Commission, confirmed by the European Court on July 15 1970. In addition to an "official" agreement which did not apply to EEC member countries, the U.K. and the U.S., the quinine manufacturers operated also a second secret "gentleman's" agreement, extending the price fixing and quota arrangements to those three countries or areas.

The international cartel of *electric cable manufacturers*, operated since 1931 under the name International Cable Development Corporation, has also received the attention of the EEC Commission. But the investigation was "temporarily *suspended" in 1969 when* the cartel gave an assurance that it would desist from giving home market protection to its members and would operate in the future as a pure export cartel.

The next famous intervention *by the EEC Commission* concerned price fixing by European dyestuff manufacturers. In this case the Commission obtained from the Court an important ruling facilitating future action against cartels even if it was *impossible* to pin down any formalised agreements so that the condemnation had to be based on proving the existence of concerted practices.

One very important international cartel which has not been touched so far by the European Commission is known as the International Electrical Association which until recently had an office in London. The public was reminded of this cartel recently by a case opened in Brazil by the Adminstrative Council for Economic Defence. Some of the biggest names in this field were accused of conspiracy against Brazilians to sabotage the market outsiders. They include AEG-Telefunken, ASEA, Brown Boveri, Hitachi, *General Electric (U.S.), Westing*house, Siemens, and Toshiba. American companies are not allowed to participate in international cartels by U.S. legislation, and the Brazilian allegations must be particularly embarrassing to them.

This investigation follows the conclusion of a deal between Brazil and West Germany for the construction of an atomic power station and it is of some interest that about the same time reports appeared in the German business Press suggesting the need for an international cartel of European makers of nuclear power stations and nuclear engineering. Without such co-operation, it was claimed, European makers of such equipment would be unable to compete with the American industry.

There are great differences between the scope and form of different international cartels. While some are based on elaborate legalistic documents providing for combat funds and punishment of recalcitrant members—*as the U.S. Federal Trade* Commission found when investigating the international electrical engineering cartel—others simply divide the world market between the participant groups as "zones of interest." Others *again* can be hardly *dis*tinguished from "follow the leader" tactics. Informal personal letters exchanged between the leading executives or a few words at lunch are enough.

A number of recent international initiatives designed to curb international cartels and multinational companies are based on assumptions derived from the long post-war boom and which no longer appear quite so valid.

Assumptions

The first of these assumptions was that the post-war liberalisation of trade and investment by creating an inter-dependent *world economy, resulted in an* unprecedented level of world economic welfare. Yet the oil crisis has caused many countries, particularly the industrial countries of both western and eastern continental Europe, to ask whether the inter-dependence has not gone too far. The danger of commodity cartels taking their cue from the oil producers puts in doubt the wisdom of continuing to view almost as criminal all attempts at collective bargaining on the part of the industrial consumers of those commodities. It should be recognised in this context that the liberalisation of trade and investment is largely confined exclusively to the industrial countries of the West.

The second proposition, is that private obstacles to liberalisation of trade and investment in the form of cartels and concentrations are economically damaging and too influential politically. Some cartels and multinationals no doubt are. However, the proposition ignores the growth and proliferation of economic sectors publicly controlled and centrally steered both nationally and internationally. The Post Office, the British Railways, the British Steel Corporation, the NCB could, if they wished, use their market dominant positions to transfer some of their losses on to their business partners.

Sweden 'should devalue'

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 16.

SWEDEN should devalue the krona by 10 per cent. to stimulate declining exports and reduce its soaring payments deficit, the independent Economic and Social Studies Institute recommended yesterday.

The Government was also urged to introduce a 10 per cent. subsidy for industrial investments and to extend its subsidy on producer stocks to goods manufactured abroad by Swedish companies.

The institute is financed by both priavte and State-owned companies. Its four academics last year gave the most accurate forecast of Sweden's economic development in 1975. In their latest prognosis they paint a sombre picture for 1976, with unemployment rising to 3 per cent. of the workforce and with continuing stagnation in GNP, unless more decisive measures are taken to stimulate the economy.

The institute calculates that a 10 per cent. devaluation would help produce a 2.5 per cent. growth in GNP next year and would knock Kr.3bn. *(£335m.) off* the payments deficit, which it expects to fall somewhere between Kr.6bn. and the Kr.9bn. reached this year.

Paris Bourse strike plan

PARIS, Dec. 16.

The Labour Union of white-collar workers at the Paris Bourse said to-day it had called a strike by all its members on December 18.

The action is in response to a call by the Confederation Generale des Cadres (CDC) labour union for a nation-wide strike by its members for 24 hours on Thursday.

Workers in France's public sector are staging a "national *action day" on Thursday, led by* the Communist Confederation Generale du Travail (CGT) and the Leftist Confederation Francaise du Travail (CFDT).

Electricity, gas, railroads, postal services and hospitals are likely to be affected by the moves.

The unions are demanding higher salaries and improved working conditions.

*The number of French un*employed increased again in November to 1.02m., up from 1.01m. a month earlier and 753,800 a year ago, Labour Ministry figures published to-day show.

The number of vacancies declined to 96,200 in November from 104,900 in October and 128,800 a year ago.

AP-DJ

Italy wants to be centre of nuclear programme

By Robin Reeves

BRUSSELS, Dec. 16.

THE European *Community's* ambitious thermo-nuclear fusion programme for 1976-80 was blocked by Italy here last night in a naked bid to ensure that the centrepiece of the programme, the JET (Joint European Torus), is sited in Italy.

At a Council of Ministers meeting devoted to EEC collaboration in scientific research, Italy refused to endorse the Commission's plans for spending a total of 615m. units of account (£250m.) over the next four years on the EEC's fourth thermo-nuclear fusion programme (there have been three others since 1959) unless the Council also agreed to site the JET at the Community's joint research centre at Ispra in northern Italy.

Other national Ministers were willing to give the go-ahead to the overall programme and postpone the site question until a later date. But equally, Britain, France and Germany made it plain that they had severe doubts about the wisdom of adopting Ispra, ostensibly because of its past bad record of labour unrest and bureaucratic inertia, but not least also because *they have rival sites of* their own.

Britain is canvassing hard behind the scenes for the project to be centred at the Atomic Energy Authority establishment at Culham in Oxfordshire where, *in fact, the five-year fusion pro*gramme has been designed by a European team in the past two years.

In the circumstances, Italy dug in its heels, unconvinced by the argument that a decision on the *site would require first a detailed* written proposal from the Commission which has, as it happens, clearly indicated its preference for Ispra.

Thermo-nuclear fusion is thought to hold the key to *Community energy supplies beyond* the end of the century. It involves the development of a new nuclear energy source based on the fusion of light atoms. This is in contrast to "conventional," or fission, energy which *relies on the energy released by* splitting heavy atoms.

The fundamental problem of thermo-nuclear fusion is to contain the light atoms in a hot plasma by means of strong magnetic fields. The project for *the building of this large* magnetic "container" or plasma vessel, which will aim to have the same characteristics as the vessel eventually used in fusion reactors, is known at JET.

Britain's corridor arguments in *favour of Culham include* obviously the fact that the JET programming research team is already assembled there, of whom 40 per cent. are British. It also claims Culham has the "best" laboratory facilities.

On the other hand, Italy's Ispra can claim to have the advantage of ample supplies of cheap electricity essential for the project, infrastructure and research facilities in place and—something missing at Culham—a European school.

The Brussels Commissioner responsible for scientific research, Herr Guido Brunner, described the delay in the programme as a "great error."

He warned that unless the go-ahead was given *soon*, the Community was in danger of losing its lead in fusion research.

U.S. 'offers to cut' nuclear arms strength in Europe

BY PAUL LENDVAI

VIENNA, Dec. 16.

AT THE 89th plenary meeting of the East-West troop cut talks (MBFR) the U.S. chief delegate, Ambassador Stanley Resor, to-day officially put forward what a Nato spokesman described as "important additional proposals," including, for the first time, a reduction of U.S. nuclear weapons in Europe.

A well-informed East European source said that the proposal was "an important step forward."

He added: "We have been *waiting for the inclusion of* nuclear weapons in the negotiations for over two years. But there is still much to be done."

An official Warsaw Pact spokesman, a Polish diplomat, was non-committal at to-day's briefing, *stating merely that* the Western side put forward "a set of proposals within the well-known framework of Western plans dating back to 1973," which would have to be studied in detail.

These comments are definitely less negative than articles published yesterday by the Czechoslovak Press, which, even before to-day's plenary meeting, virtually rejected the projected Western proposals as "nothing new." Rude Pravo, the *official* organ of the Czechoslovak Communist Party, remarked ironically that the Western plans were indeed "unique" since the U.S. Congress had already decided to review, at the latest by 1977, the stock of the 7,000, mostly obsolete, U.S. tactical atomic weapons stored in Europe.

Reacting to the headlines of the Vienna papers to-day, which quoted the Czechoslovak comment as *evidence* of certain rejection of the Western proposals, Communist sources cautioned that one had to see the full text of these articles and to wait, above all, for the statement to be made by Soviet delegation chief, Ambassador Oleg Chlestov, at Thursday's plenary meeting, the last before the Christmas recess.

However most observers do not expect the Warsaw Pact answer at such short notice. A substantive Eastern response will come, at the earliest, after the resumption of the 19-nation talks in the second half of January.

Nevertheless, most inform[ed] observers agree that the West[ern] proposals injected a new elem[ent] of *movement into the deadlock[ed]* talks, which began here two ye[ars] ago.

Though Nato refused to rev[eal] details of its new proposals, th[ey] are understood to be identi[cal] with the U.S. suggestions wh[ich] first emerged last summer.

Unofficially, the Nato propos[als] involve the withdrawal of 1,0[00] of the estimated 7,000 U[.S.] tactical atomic weapons [in] Europe, along with 29,000 U[.S.] troops.

In return, the Soviets sho[uld] withdraw one of their tank arm[ies] of 1,700 tanks and 68,000 m[en]. Officially, Nato still insists on "approximate parity," — a co[m]mon collective ceiling of so[me] *700,000 troops of ground for[ces]* manpower on each side.

It is understood that, in ad[di]tion to the inclusion of t[he] nuclear weapons, the Weste[rn] side also expressed willingne[ss] to be "flexible" with regard [to] the timetable *of* the reducti[ons] and the number of tan[ks] involved.

Portugal starts talks on army future to-day

BY PAUL ELLMAN

LISBON, Dec. 16.

TALKS aimed at revising the pact between Portugal's military leadership and the political parties are to open formally to-morrow.

The pact was signed at the military's insistence as a condition for allowing last April's elections to take place. It gave the Revolutionary Council of the Armed Forces Movement ultimate decision-making authority in the country for up to five years.

Since the abortive Leftist uprising on November 25, however, the pact has come under fire from both the main political parties and from elements in the military leadership who gained the upper hand during the rebellion and who now favour a less active political role.

Against them is Major Melo Antunes, the intellectual mainstay of the "Group of Nine" officers, who favours a central role for the military in the development of Portugal.

The Revolutionary Council voted in the early hours of to-day to appoint five of its members to begin the negotiations with the political parties but, according to the Council's *spokesman*, gave them no specific instructions.

This raised speculation here that Major Antunes has not yet said his last word on the matter and that part of the negotiations may well centre on the parties' *willingness to accept that* a military man should be President of the Republic once the new constitution takes effect as is expected next year.

The Council also voted in two new members to replace officers purged after November 25. The new members are Brig. Pires Veloso, Conservative Governor of the Northern Military Region, and Major Victor Alves, the Education Minister, who played a principal part in the organisation of the April 25 coup last year.

Intellectuals protest in Poland

By Paul Lendvai

VIENNA, Dec. 16.

SOME 70 Polish intellectuals, i[n]cluding prominent members [of] the legal world, have recent[ly] protested against propose[d] changes in the 1952 Polis[h] Constitution.

According to reliable source[s] the intellectuals, in at least tw[o] separate letters sent to th[e] Central Committee of the Polis[h] Communist Party, expressed co[n]cern at the amendmen[ts] approved last week by the part[y] congress and expected to b[e] enacted early next year.

One letter, signed by 5[.] persons, including, allegedly, th[e] respected poet, Zbigniew Herber[t] and the famous philosopher, Pro[f.] Leszek Kolakowski, now teachin[g] in the U.S., calls for democratisa[]tion, abolition of censorship an[d] freedom of expression.

In a separate petition, some 1[.] legal experts, affiliated with th[e] Academy of Sciences, cautione[d] against passing the propose[d] amendments, which will proclai[m] Poland a Socialist State and con[]firm the leading role of the Com[]munist Party.

In his address to the party congress a week ago, Mr. Edward Gierek, First Secretary said that at this stage only th[e] most important constitutiona[l] changes should be prepared an[d] submitted to Parliament "i[n] *the immediate future.*"

The constitution should refle[ct] the social, political and econom[ic] changes that have taken pla[ce] during the process of buildi[ng] socialism, he added.

It is claimed by Polis[h] *officials* that there are [no] political prisoners at all [in] Poland.

Some of the signatories to th[e] latest petitions are likely to [be] identical with those you[ng] critical Marxist intellectua[ls] who sent a greetings telegra[m] to Dr. Sakharov on the occasi[on] of his receiving the Nobel Pea[ce] Prize and who a year ag[o] together with the greatest livi[ng] Polish poet, 80-year-old Anton[i] Slonimski, asked the gover[n]ment to intervene on behalf [of] the many Poles living in t[he] Soviet Union.

Party 'thaw' in Spain

BY ROGER MATTHEWS

MADRID, Dec. 16.

HINTS of a slight thaw in official Spanish attitudes to illegal *political parties* and trade union movements are slowly emerging.

Sr. Manuel Fraga Iribarna, Minister of the Interior and a dominant figure in the Government, dined openly last night with Prof. Tierno Galvan, a *leader of the country's* smaller Socialist Party and a member of the Communist-led Junta Democratica.

Meanwhile, in Barcelona, Sr. Marcelino Camacho and Sr. Nicolas Sartorius, both key mem*bers of the underground* trade union movement and only recently released from jail, were allowed to address a meeting of over 3,000 shop stewards and workers without police interference.

Such actions help to put a little flesh on last night's Government statement which looked forward to greater public participation in the country's political life, but are far from concrete evidence that positive moves are going to be made in the direction of democracy.

Sr. Fraga is obviously determined to begin a dialogue with the leaders of selected political parties, and in so doing is sure to upset a number of his Cabinet colleagues.

MPs' call to push up Euro-budget

BY DAVID CURRY

STRASBOURG, Dec. 16.

THE European Parliament is calling for the restoration to the EEC budget for next year of some *102.9m. units of account (£50m.)* —some 12m. more than the Council of EEC Ministers was prepared to allow when it met to decide the 1976 budget a fortnight ago.

With the exception of the *Communists, the political groups* in the Parliament seem likely to support the restoration of the 102.9m. units which the Parliament Budgets Committee regards as a modest exercise of its powers over certain aspects of the budget.

The main dispute between Parliament and the Council is over allocations for research. The Council agreed that Parliament should be allowed to restore some 90m. units to the budget, of which 35m. would go to each of the research and the *social funds* and 20m. for aid to non-associated countries.

However, Parliament insists that the Council should make its own provision for research and not attempt to include it in the amount at Parliament's discretion.

What Parliament is being recommended to do is to push up the amount it wants restored to 102.9m. and include within that amount 30m. for research.

That means that the real amount genuinely at Parliamentary discretion is 72.9m. units of account, which is mathematically exactly half-way between the minimum 67m. units and the maximum 78m. units which was originally the bracket within which *Parliament enjoyed* powers to increase the budget.

By settling for less than the 90m. units the Council offered, Parliament is claiming that it is demonstrating its willingness to seek an amiable compromise *without exploring the limits of* its powers — providing the Council will accept the principle that research should be at its "charge" rather than at the Parliament's.

Although the vote will not be until Thursday morning, there was a general feeling here to-day that the Council will probably swallow the Parliament's interpretation of mathematical theology.

If it does, the addition of 102.9m. units of account will *take the total EEC budget for* 1976 to around 7.575bn. units of account (around £3.6bn.).

Concordski in service on Christmas Day

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SOVIET UNION'S TU-144 rival to the supersonic Concorde is expected to go into regular service on December 25—just under a month ahead of the Anglo-French airliner which starts services to Bahrain and Rio de Janeiro on January 21.

According to the Soviet trades union newspaper Trud, the TU-144 will fly from Moscow's Domodedovo Airport to Alma Ata, capital of the republic of Kazakhstan, in the colours of Aeroflot, the State airline.

But the report did not specifically state that the regular flights would carry fare-paying passengers, and his has led to some speculation in the West that the initial flights may be for cargo purposes only, with passenger flights later in 1976.

The TU-144 will make the 1,900 miles flight in 1 hour 55 minutes, against the four hours taken by subsonic Ilyushin IL-62 four-engined jets.

According to other recent Soviet reports, the TU-144 will also soon start flying to Tashkent capital of Soviet Uzbekistan.

So far, there is no information as to when the Soviet Union is likely to start TU-144 flights to overseas countries.

Nor is there yet any significant progress in discussions with the British and French on possible Concorde "supersonic corridors" across the Soviet Union between Western Europe and the Far East.

These talks have been continued in a *spasmodic fashion* for some time and the route is regarded as a key one in the long-term for both British Airways and Air France, linking London and Paris with Tokyo via Novosibirsk.

HOME NEWS

Industrial output figures recover

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

HITEHALL statisticians are ow for the first time prepared back the recent claims of eir political masters that the irrent U.K. recession has uched bottom.

The latest index of industrial oduction—for October—shows 0.7 per cent. rise on September, id between May-July and ugust-October there was an crease of 0.3 per cent. in indusial output, according to the dices.

Jnreliable

Given the proven unreliability the month-to-month indices. e apparent upturn is regarded Whitehall as less important an the fact that the figures are longer showing a continuing de.

Output fell sharply in the first arter of this year, and for me time it was unclear whether e reduction was continuing, or iether the bottom had really en reached.

The problem was that many of e so-called production figures e records of deliveries. During period of rapid rundown in mpanies' stocks, delivery figures do not necessarily provide a good guide.

According to the Central Statistical Office, the production index under-stated the level of output by ½ per cent. in the first quarter —when it showed no change from the fourth quarter of last year—and overstated in the second and third quarters by ½ per cent. and 1 per cent. respectively.

(The indices over this period were: first quarter, 104.8; second quarter 100.2; and third quarter 100.0, with base year 1970 as 100.)

The latest index, at 101.2, is the highest since April, and includes a contribution from North Sea oil production under the heading "mining and quarrying."

Allowing for the various understatements and overstatements in the crude figures, there was little change in production between the second and third quarters and a slight increase in October.

Earlier in the year the pace of decline in output was the steepest experienced since the second world war. By the August-October period, production was running some 7½ per cent. below the level of a year earlier.

In public comment on the figures the Central Statistical Office is still treading cautiously, talking of "a much smaller downward movement in recent months" and of the possibility that industrial output "may now have levelled out."

Portents

Two portents of upward movements to come are: one, a marked improvement in the output of the chemical industry, normally considered an advance indicator; and two the fact that the latest Confederation of British Industry survey shows, for the first time in this recession, that more companies are expecting the volume of output to rise over the next four months than to fall.

If the upturn does take place in the next few months, it will be in accordance with the various "leading" economic indicators published by the CSO, which have been pointing for a long time to a change of trend this winter.

Tanker leaders frame joint demands for State action

BY JOHN WYLES, SHIPPING CORRESPONDENT

:ADERS OF the world's tanker lustry yesterday took a itious but unprecedented step vards framing joint demands international Government ion to help cut the chronic oil :ker surplus which could cost industry up to $15bn. over next few years.

Representatives of the four tors of the tanker industry, powners, shipbuilders, ban-'s and oil company managers 'eed at the end of a 2½ hour cussion in London to set up a man liaison committee to im-ss on Governments the scale the current crisis and possible nedies.

Yesterday's meeting was the :ond in the last three months be organised by the International Association of Independent Tanker Owners (Intercen). The decision to set up liaison committee, which will chaired by a man "of suite international standing and partiality," disappointed some those among the more than 50 ople from upwards of a dozen tions who had come to London ning for a more urgent initiac.

However, there were strong allenges at yesterday's meet-: to the "activist" view that vernment aid should be ight in restructuring an inistry whose prospects had n radically damaged by the ralling increases in oil prices. ny speakers were sceptical of feasibility of joint moves by industry itself, while others ed strong opposition to iting Government action which would limit traditional entrepreneurial freedoms.

Despite this division in the industry's ranks, the creation of the liaison committee was seen by the "activists" last night as a useful weapon to bring to bear on current reviews of the tanker surplus being made by individual governments and internationally in the Organisation of Economic Co-operation and Development.

The liaison committee, whose chairman may be announced in the next fortnight, will begin work at a meeting early in January and is expected to report back to a third international gathering sometime in March.

Discussion at yesterday's meeting centred on a confidential report from a four-man working party comprising Mr. Bob Horton, general manager of BP Tanker, Mr. Jorgen Jahre, chairman of Intertanco, Mr. Otto Norland of Hambros Bank, and Mr. Lois Vernede of AG Weser.

It is understood that their main conclusion was that the industry should set itself the aim of achieving a balance between tanker supply and demand by 1978 or otherwise the surplus could continue until 1983 at a potential cost to the industry of $15bn.

It was suggested that this loss could be cut to $5bn. if a package of measures was urgently adopted with the backing of individual Governments. The report estimated that $35bn. of mortgage debt is currently outstanding on tankers, and the majority of it is probably Government guaranteed.

The suggestion that an attack on the problem should be spearheaded by someone from outside the industry with international standing originated in the working party report which favoured a general commitment to a package involving a range of measures including new building cancellations, accelerated scrapping, using tankers for oil storage, converting some existing tanker capacity for water ballast only and flexible loadlines.

The report is believed to contain a stern warning that unless concerted action is agreed, many shipping companies will collapse. Then shipbuilders will be forced by a famine of new orders to seek increasing Government support and banks with outstanding tanker loans will have to revalue their security at prevailing market prices.

More than 500 tankers are lying idle and 90m. deadweight tons of new tankers are on order from the world's shipyards.

● In a speech to the General Council of British Shipping's annual dinner in London last night, Mr. Tim Bolton, the Council's president, indicated that only "unexpected calamities" comparable to the Korean War and the Suez crisis may be able to prevent bankruptcies caused by the tanker crisis.

"Must it be left to such events to prevent bankruptcies or can we find the elusive solution which has escaped us in the past to overcome the problems?" he asked.

Board of National Oil Corporation to be named soon

BY RAY DAFTER, ENERGY CORRESPONDENT

BOARD MEMBERS of the new British National Oil Corporation will be named within the next few days and will include an ex-Minister, and probably an academic and a senior oil company executive.

The Board—all part-time members—will officially take up its position on January 1 when its first task will be to organise the structure of the State oil undertaking.

Among the names to be announced in the Commons are Lord Balogh, who recently retired as Minister of State for Energy. Other likely members are Mr. John Liverman, deputy-secretary at the Department of Energy, who has been closely associated with North Sea developments; Mr. William Camp, political adviser to Gulf Oil on North Sea policy over the past two years; and Mr. Ian Clark, chief executive of Shetland Islands Council.

Lord Balogh

Economist

It is also believed that Mr. Monty Pennell, deputy chairman and managing director of British Petroleum, and Prof. Edith Penrose, Professor of Economics at London University's School of Oriental and African Studies, have also been invited to join.

Mr. Pennell would be the only initial member of the Board with direct oil business experience. Prof. Penrose has travelled extensively in the Middle East and written books such as The International Petroleum Industry.

Mr. Camp has had a foot in both politics, having been Press adviser to the Prime Minister in the 1970 General Election, and the energy business. He was assistant secretary of the Gas Council in 1960-63 and public relations adviser for the Council over the subsequent four years.

But perhaps the most interesting appointment is that of Lord Balogh. He is expected to be deputy to Lord Kearton, chairman of BNOC, while at the same time, acting as special adviser to Mr. Anthony Wedgwood Benn, the Energy Secretary. Indeed, it is believed that he will be based in the Department of Energy.

This will raise the question within the oil industry about now independent BNOC will be from Mr. Benn's department. Lord Kearton, on the other hand, has stressed that he wants the new corporation to act on commercial lines in harmony with North Sea oil operators.

Audit puts newspaper's debts at £2.5m.

By Chris Baur, Scottish Correspondent

THE WORKER - DIRECTED Scottish Daily News which went into liquidation early last month after six months of publication, accumulated debts of nearly £2.5m., according to audited figures published yesterday. The paper lost an average of about £4,600 per edition to give a total trading loss of £750,000.

"In financial terms, the enterprise was a disaster," said Mr. James Whitton, the company's liquidator, yesterday. This was his epitaph on one of the major workers' co-operative experiments encouraged by Mr. Anthony Wedgwood-Benn, the former Secretary of State for Industry.

The Department of Industry, which lent £1.2m. to launch the enterprise last May, and Beaverbrook Newspapers the co-operative's former employer which has an outstanding partly-secured loan of £225,000, are expected to retrieve only 50p for each £1 of their secured investment.

Creditors

In fact, the total loss sustained by Beaverbrook Newspapers is considerably larger — about £753,000.

Mr. Whitton, addressing a large meeting of creditors in Glasgow, estimated that the total realisable assets of the company (primarily the printing premises and plant) amounted to £1.2m. This was approximately £1m. less than the book value which might have been secured if the enterprise had been sold as a going concern.

Scots Nationalists surge ahead in new opinion poll

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

A BIG SURGE in public support for the Scottish National Party is indicated in the latest opinion poll published in Scotland yesterday.

It is the first survey of Scottish views since the Government produced its plans last month for an Elected Domestic Assembly to sit in Edinburgh with wide responsibilities for Scottish affairs.

The poll, which confirms the large swings to the Nationalists achieved in two regional Government by-elections held days after the publication of the devolution White Paper, shows the SNP to have taken a seven-point lead over Labour for the first time.

Conducted among 1,276 voters in 60 of Scotland's 71 constituencies, the ORC poll—for the Scotsman newspaper and Independent Television News—showed that 28 per cent. of voters supported the Conservatives, (30 per cent. in May), 30 per cent. Labour (36 per cent.) and 37 per cent. the SNP (28 per cent.).

Labour Party and Government managers, however, will not find it easy to interpret the findings. The poll shows, for example, an almost even division of opinion among supporters of devolution who are asked for their verdict of the Government's proposals.

About 36 per cent. feel that the Government's proposed Assembly either gives Scotland sufficient control over her own affairs or is at least "a good starting point."

But 34 per cent. feel either that the plans do not give enough control over important Scottish political and economical decisions or do not meet Scotland's desire for self-government at all.

Evidence

There is also clear evidence of a growing minority of voters favouring a basically federal system of government, leaving Westminster with responsibility purely for defence, foreign affairs and international economic policy.

Support for this has grown from 16 per cent. in May last year to 28 per cent. now (with 31 per cent. of Labour voters favouring the system).

Support for a Scottish Assembly with limited powers and responsible ultimately to Westminster has diminished from 24 per cent. to 19 per cent. in the past 18 months.

The proportion of voters wishing to keep the present system of government has fallen from 21 per cent. to 14 per cent. in the past 18 months, while those seeking complete Scottish independence are up from 17 to 21 per cent.

IN BRIEF

£10m. N. Sea order

Howard Doris has ordered £10m. worth of equipment from two companies in Scotland for the deck of the world's largest oil platform which it is building. McDermott Scotland is to build the deck and the Scottish Group of British Steel Corporation's general steel division will supply 3,900 tons of structural steel plate.

New motorcycle

The Cotton Company, of Gloucester, is to produce all-British lightweight motorcycles, using a 250 cc. two-stroke engine made by DMW, of Dudley (Worcs.). The trials version is already in use. A second model is being evaluated by military authorities and a road version is promised for February.

Cost of vandals

London ratepayers are probably paying millions of pounds a year merely to repair parking meters damaged by hooligans, Mrs. Jill Knight, Conservative, Edgbaston, said yesterday.

Anti-waste adviser

Dr. Robert Berry, chairman of Alcoa (GB), is to take on a new post from January 1 as adviser to the Government on waste, with the title Director of the National Anti-Waste Programme, but will continue as Alcoa (GB) chairman.

Tuition fees up 30%

A 30 per cent. rise next autumn in the tuition fees of universities, polytechnics and further education colleges, was announced by Mr. Fred Mulley, Education Secretary, in a Commons written reply.

More hospital staff

A progressive increase in hospital staff was accompanied by a progressive decline in numbers of beds occupied daily over the period 1965 to 1973, according to the St. Michael's Organisation, a charitable body concerned with medical care.

Judge's ultimatum

Prudential Assurance Company, which has started an action to stop Newman Industries acquiring certain shares in two other companies, was ordered by Mr. Justice Brightman yesterday to state its claim in writing within 21 days—or have its action dismissed.

'Castle should go'

Social Services Secretary Barbara Castle should go, Lord George-Brown, former deputy leader of the Labour Party, writes in Medical Interface.

Obstacle to foundry aid scheme cleared

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ONE OF the main obstacles to the success of the Goverment's £25m. assistance scheme for the ferrous foundry industry, aimed at helping it modernise itself, has been removed.

British Leyland has indicated that it has no intention of building its foundry capacity and will continue to rely on outside suppliers.

The foundry industry had its whole future bound up with Leyland's development plans because, compared with the £25m. State assistance promised to the U.K.'s other 750 foundries, Leyland will be spending £50m. on its own seven foundries.

The company's assurance that it will not be using its tranche of Government cash to increase its capacity has allowed other foundry concerns to pushs on with their development plans and to approach the Department of Industry for assistance.

In the four months since full details of the scheme were announced, the Department of Industry has had discussions with 120 companies (out of just over 600 involved in the foundry industry), and had formal applications from 40 concerns of which 28 are already being appraised. The rest have been asked for further details.

The committee set up to advise the Department on the scheme has its first meeting today. Yesterday the Department said that Mr. G. W. ("Bill") Barlow had ben appointed chairman.

Mr. Barlow is chairman and chief executive of Ransome Hoffmann and Pollard, the bearings group, and is a member of the Industrial Development Advisory Board.

Other members of the committee are Mr. W. G. K. Carter, a partner in accountants Price Waterhouse; Mr. Kenneth Corfield, managing director of Standard Telephones and Cables and chairman of the recently-formed Ferrous Foundries "Little Neddy"; Mr. R. Garland, general secretary of the AUEW foundry section and a member of the "Little Neddy."

Mr. J. A. Howard, a director of Howard Machinery; Mr. G. C. Kenney, director (Supply and Quality) of Chrysler U.K.; Mr. W. J. Simpson, chairman of the Health and Safety Commission and formerly general secretary of the AUEW foundry section, and Mr. R. C. Whalley, managing director of Sulzer Bros. (U.K.).

Court fines Krugerrand dealer

Financial Times Reporter

CUSTOMS OFFICERS who broke a plot a smuggle krugerrands worth nearly £250,000 into Britain in breach of rules imposed in the April Budget were praised at the Old Bailey yesterday when commodity dealer Martin David Davies, aged 35, of Bridge Hall, Burgess Hill, Sussex, was fined £40,000 for conspiring to contravene the import regulations.

Baronsons Metals, of Curzon Street, Mayfair, a commodity and gold dealing company, was fined £5,000 for the same offence and ordered to join Davies in paying the prosecution costs.

Financial problems facing the company—which had a £3m. turnover last year after extensive business in gold coins—were disclosed to Judge Gwyn Morris, QC, who told Davies, one of its directors, that he would go to prison for 12 months if he failed to pay the fine by June.

Davies and the company had pleaded guilty to being concerned in a conspiracy to break the Treasury import regulations between April 15 and May 5 this year.

The prosecution alleged that with the aid of two Swiss couriers, the company smuggled substantial amounts of krugerrands into Britain at that time, in spite of the Budget prohibition on the import of gold coins.

The scheme came to light when one courier was stopped at Heathrow with krugerrands in his suitcase. The Customs investigators moved so quickly that within a few hours they had found £70,000 worth of krugerrands in the boot of a Rolls-Royce car belonging to Davies, and £80,000 in banknotes which had been used to buy coins had been traced to a house in Hendon.

Compensation

Later, two Swiss youths and a Hatton Garden diamond merchant were fined for evading the rules.

But Mr. Davies claimed that he had acted only because his company had large amounts of krugerrands "frozen" in New York when the import ban was suddenly imposed.

Mr. Colin Ross-Munro, QC, for the Banque du Rhone et de la Tamise, of Geneva, asked for the money found in banknotes to be retained by the court as a civil action was pending against Baronsons.

But the judge ruled that the £80,000 found at Hendon should be handed over to the police under the normal criminal compensation rules, and that the £70,000 worth of krugerrands found in the Rolls-Royce should be forfeited to Customs and Excise.

Solicitors for the Swiss bank are considering an appeal.

SNOW REPORTS

	Depth (cms.) L	U	State of Piste	Weather	°C
SWITZERLAND					
Adelboden	15	50	Hard	Cloud	—5
Arosa	55	70	Hard	Cloud	—1
Crans	15	40	Good	Cloud	0
Davos	45	75	Good	Cloud	—6
Grindelwald	20	70	Good	Cloud	—2
Klosters	40	60	Good	Sunny	0
Les Diablerets	25	70	Hard	Cloud	+1
Murren	65	90	Good	Cloud	0
Pontresina	40	100	Good	Cloud	—5
St. Moritz	43	67	Good	Cloud	—6
Verbiers	20	100	Good	Cloud	+1
Wengen	35	70	Good	Cloud	—1
Zermatt	50	60	Good	Cloud	—2
GERMANY					
Garmisch	10	30	Fair	Cloud	—5
Hindelang	15	25	Fair	Cloud	—4
Mittenwald	15	35	Fair	Cloud	—4
Oberstaufen	10	20	Fair	Cloud	—3

Douglas offer tied to BA jet purchase

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

)RK ON the DC-10 jet airliner th £318m. and 10,000 jobs r a period of ten years, is ng offered to the U.K. aeroce industry by McDonnell iglas Corporation of the U.S., British Airways buys the latest sion of that jet—the Rolls-ce powered DC-10-30R.

This an "ultra long-range" sion of the DC-10 which is ng offered to British Airways l other U.K. and overseas rators, powered with the ated 50,000 lbs thrust version the RB-211 engine.

McDonnell Douglas has been cussing this aircraft with tish Airways, which is leved to have a requirement a very long-range aeroplane complement its existing highacity Boeing 747 Jumbo jets. ockheed is also competing for potential BA order, with its les 500 version of the TriStar which also uses the Dash 524 211 engine, while Boeing is offering its Special Performance (SP) of its Jumbo jet, called the Junior Jumbo.

The DC-10-30R would carry 268 passengers over distances of 6,000 miles. British Airways has already begun to get experience with the DC-10, through the use of earlier versions of the aircraft.

The most BA will need in very long-range jets is believed to be about 12 aircraft. So far, the airline has not made up its mind on what to buy.

McDonnell Douglas yesterday said that if BA ordered the DC-10-30R aeroplane, it would make available to British aerospace companies 30 per cent. of the total work involved in the manufacture of 76 DC-10-30Rs—in effect work on all the aeroplanes it could expect to sell over the next few years worldwide. Each DC-10 would cost $27m.

Companies which might benefit from such work included Rolls-Royce, Short Brothers and Harland, British Aircraft Corporation and Lucas Aeropsace.

Chinese jets deal earns Rolls a key position

LLS-ROYCE (1971) is likely occupy a key position in China a long time as a result of its m. deal, according to Sir nneth Keith, chairman of ls-Royce.

Speaking yesterday on his urn from Peking, where he ed the deal to supply Spey ines to China and to enable m to build the engine under nce there, Sir Kenneth said t the Chinese were making ig investment in technology, Rolls-Royce was there helpthem.

Rolls-Royce would help the nese to set up factories. e will give them any p they need." Rolls would n up to 200 Chinese engineers the U.K. and a small Rolls n would be based in China for ong as necessary.

The Chinese had not told company why they needed Spey engine. "But it a military Spey, so quite arly they want it for a milit aircraft, but they didn't tell what."

They did insist, however, on the engine being able to operate in very low temperatures. Rolls-Royce had offered to help with advice on the airframe for the engine.

The low-temperature requirements of the engine are believed to indicate that the Chinese want to put it into a combat aircraft that would have to operate in the intense cold of the Mongolian winters.

Sir Kenneth said that the terms of the deal involved a fixed price, with an allowance made for inflation, but with a ceiling on that of 7½ per cent.

It was essential for Rolls-Royce and the rest of British industry to get the unit cost of its products down.

Dowty Fuel Systems, of Cheltenham, said yesterday that it would get a substantial contract as part of the China deal. In addition to the £80m. for Rolls-Royce, about £20m. will go to all the Spey sub-contractors on the Spey engine, including Dowty, which makes the reheat fuel control system for the engine.

Joint U.K. shipping company formed

By Our Shipping Correspondent

A NEW British fleet which will account for half the world's parcel tanker capacity is to be formed by the creation of a new joint company involving the Tate and Lyle subsidiary, Anco Tanker Service and Panocean Shipping and Terminals.

Formation of the company, to be called Panocean-Anco, comes at a time of depressed volume rates in the parcels trade, which specialises in the simultaneous carriage of chemicals, edible oils, lubricants and other bulk liquids in specially compartmentalised vessels.

The merger, which does not involve any exchange of shares and assets, means that Panocean-Anco will be operating, managing and marketing a joint fleet of 22 deep sea parcel tankers. Equal shares in the company will be owned by Tate and Lyle and the joint owners of Panocean—P & O and Ocean Transport and Trading.

Profits will be divided on a ship value/tonnage formula, which will yield roughly 45 per cent. to Anco and 55 per cent. to Panocean.

Mortgage cuts meeting soon

By Michael Cassell

BUILDING societies and local authorities are to meet soon to discuss the progress of the scheme under which societies have been attempting to make good the £100m. cut from council mortgage - lending programmes early this year.

Statements yesterday from the Building Societies Association and Mr. Anthony Crosland, Secretary for the Environment, both came after recent discussions between the two sides aimed at reviewing the scheme's success to date and considering the prospects for its future.

The scheme has come in for severe criticism from some local authorities, who have claimed that building societies will simply not help the type of mortgage applicant who would normally receive assistance from a local council.

Private steel companies 'have good prospects'

BY ROY HODSON

The flexible service offered by the 150 British private sector steel companies promises good prospects for the long term future of the companies, Mr. George Ashton, president of the British Independent Steel Producers' Association, said yesterday.

The business climate should improve towards the end of next year and the "bold and wise" investment of Britain's private steel companies during the past few years would then stand them in good stead, said Mr. Ashton.

The present recession underlined the advantages of the small works over large integrated works. The small works had the flexibility to operate at different demand levels closely attuned to the changing needs of customers.

The British private steel sector, according to the BISPA annual report, expects to have made nearly 3m. tonnes of steel this year towards Britain's total output of 20m. tonnes.

Mr. Ashton said: "The private sector has invested well and will continue to do so in a proper response to economic and market forces.

"We believe, and I think most of our critics are coming to believe, that we have an essential role to play within the British steel industry."

Atomic energy authority post for Dr. Marshall

BY DAVID FISHLOCK, SCIENCE EDITOR

THE APPOINTMENT of Dr. Walter Marshall as the new deputy chairman of the U.K. Atomic Energy Authority, with responsibility for scientific and technical policy throughout the organisation, was announced yesterday by Mr. Anthony Wedgwood Benn, Secretary for Industry.

Dr. Marshall, aged 43, who takes up his new post immediately, retains his post as chief scientist to the Department of Energy. He is relinquishing his appointment as director of Harwell, the Atomic Energy Research Establishment.

Dr. Marshall, a theoretical physicist, has spent his career at Harwell, where he was principal architect of a highly successful programme of diversification into non-nuclear contract research.

The new director of Harwell is Dr. Lewis Roberts, one of Dr. Marshall's four programme directors responsible for its energy research programme.

The promotion of Dr. Marshall —most junior member of the U.K. AEA Board—to deputy to Sir John Hill, the chairman, springs from the desire by Mr. Benn to achieve a more coherent approach to energy policy.

Mr. Frank J. Doggert, deputy chairman of the U.K. AEA, retires at the end of this month.

APPLE IMPORTS CHARGE CHANGE

By Our Commodities Staff

The Ministry of Agriculture confirmed yesterday that the basic compensatory amounts applicable to apples and pears during the transitional period of Britain's entry into the EEC would be reduced further on January 1.

The compensatory amounts, which are used to bring U.K. apple and pear prices into line with those in the EEC in gradual stages are being phased out in five equal cuts of 20 per cent. of the initial basic amount. The next cut will be the third in the series and the amounts are scheduled to be abolished by January 1, 1978.

'Bleak house outlook' for low-paid

By Michael Cassell

LABOUR'S "wanton campaign to destroy the private landlord" and the decision to cut local authority mortgages had left the low-paid with a bleak choice of housing, Mr. Timothy Raison, Opposition spokesman for the Environment, said yesterday.

Mr. Raison told the International Real Estate Federation in London that the Government's housing strategy was in ruins.

It was true that many families needed State help to pay for their housing, but it had become obvious that subsidies frequently went to the wrong people and did not give an effective choice to the lower paid family.

LABOUR NEWS

Unions and Wilson to discuss steel cuts

By Our Labour Staff

MR. HAROLD WILSON, the Prime Minister, has agreed to *meet trade union leaders either* on Friday or Monday to discuss their apprehensions over the swingeing cuts in labour costs planned for next year by the British Steel Corporation.

The unions have said already that they want the Government to intervene.

The TUC general council is to discuss the steel situation to-day, particularly Mr. Wilson's reply to the letter from Mr. Len Murray, TUC general secretary, asking for a meeting.

In Scotland, trade union leaders were given the first details of the Corporation's plans *and expressed the fear that up* to 5,000 of the 20,000 steel jobs in the area could be lost.

Mr. Arthur Bell, Scottish divisional officer of the Iron and Steel Trades Confederation, said that the unions had told the Corporation: "We intend to fight these issues."

● Production at the Corporation's plant at Ebbw Vale could come to a halt to-day as a result of industrial action by computer staff and other white collar workers over the location of a new computer centre, the Corporation said last night.

About 500 white collar workers walked out yesterday in support of computer operators laid off for refusing to handle work not directly connected with the plant until they were promised that the new computer centre would be located at Ebbw Vale. All are members of the Transport and General Workers Union.

The Corporation said that no production schedules were being drawn up and the plant would come to a virtual standstill within 24 hours.

Ebbw Vale is being run down but still produces about one-third of the Corporation's tin plate output.

Plan for unions to make factory safety checks

BY OUR LABOUR STAFF

TRADE UNION representatives would have the right to make regular safety inspections in places of work under initial proposals published yesterday for implementing important provisions of the Health and Safety at Work Act of last year.

The proposals were published in the form of a consultative document by the Health and Safety Commission, which will now seek the views of all concerned before making concrete suggestions for regulations and the drawing up of a code of good practice.

The Act gives trade unions the right to appoint safety representatives and provides for the establishment of "safety committees" where that is required. The Commission's proposals concern the detailed implementation of these provisions, which it hopes should come into force by June.

Mr. Bill Simpson, chairman of the Commission, said that the aim was to give legal backing, in the form of regulations, to the rights and duties of union-appointed safety representatives and to supplement those regulations by a code of good practice and notes of guidance.

But the regulations and the code should provide only a basic framework within which each undertaking could develop effective working arrangements suitable to its own circumstances.

The draft regulations envisaged by the Commission say that independent trade unions may appoint safety representatives at every workplace where they are recognised by the employer.

The representative would represent employees in consultations with the employer on health and safety matters, would inspect the workplace at three-monthly intervals, and be entitled to receive "relevant" information from the inspectorate and inspect "relevant statutory documents" held by the employer.

Mr. Simpson said that the *safety representative would have* the right to call in an inspector if he suspected immediate danger, but would not have the right to stop work himself.

At the request of any two safety representatives, the employer would be obliged to establish a safety committee within three months. The committees would be concerned with all aspects of the working environment. They should include management representatives, works engineers and supervisors as well as company doctors and safety officers.

Where there are no recognised unions, employers should not be obliged to appoint safety representatives or set up committees. But the Commission hoped that they would do so on a voluntary basis "especially in hazardous work situations," Mr. Simpson said.

Leyland wild cats strike continues

FINANCIAL TIMES REPORTER

THE DISPUTE over stray cats which has hit production of British Leyland's TR7 Bullet sports car, continued yesterday.

The trouble started because the cats have been wandering about the factory.

Fur began to fly after 21 men in the trim section walked out on Monday, complaining about the state of the factory. Production stopped for a clean-up.

The men then decided, against shop stewards' advice, to hold a meeting, although told by the management that they would not be paid for the time.

Later, the men went on strike, claiming that they should be paid for the 50-minute meeting—causing 600 assembly line men to be laid off.

Normal work was expected yesterday after a further inspection and on the advice of the stewards. But the trim men still demanded payment and walked out, leaving the 600 assembly workers to be sent home again.

Certification application by UCATT

By Our Labour Staff

THE LARGEST union in the building industry the 257,000-member Union of Construction, Allied Trades and Technicians, yesterday became one of the first trade unions to decide to apply for "certification" under the Employment Protection Act.

The main reasons for the decision are that certification will allow the union to take full advantage of recognition machinery and of new regulations about safety on sites.

Legislation on safety envisages giving certified independent unions considerable control over workplace conditions through committees restricted to such unions.

This is causing building employers some anxiety, since they fear that militants could use breaches of safety rules as an excuse for lightning strikes to close construction sites.

Safety is a major problem in the industry and the unions have long complained that non-union and "lump" workers have ignored the existing safety rules agreed between unions and employers at national level.

Under the Employment Protection Act a certified independent union can take recognition and other issue to the Advisory, Conciliation and Arbitration Service and ultimately to a new Central Arbitration Committee for an enforceable decision.

Petition for 'Ferrybridge six'

BY OUR LEEDS CORRESPONDENT

A PETITION signed by 30 senior engineers at Ferrybridge "C" power station, Yorkshire, protesting against the dismissal of the "Ferrybridge Six" was shown yesterday to a Leeds industrial tribunal hearing the six men's claim that they were unfairly dismissed.

It was handed in by Mr. William Sarvent, general secretary of the Electricity Supply Union, on the ninth day of the tribunal hearing. The engineers sent it during the week-end adjournment.

Mr Sarvent related the events leading up to the dismissals in September and discussed formation of the unrecognised ESU, which once had 4,000 members and now has fewer than 100.

He said that discontent with the four unions recognised by the *Central Electricity Generating* Board—the Transport Workers, the General and Municipal Workers, the Electricians and the Engineers—led to formation of an unofficial ginger group of shop stewards in Yorkshire. Later, people who believed in one union for the industry had formed the ESU.

Membership of the ESU at the Ferrybridge power station grew to 315 out of a total manual staff of 534.

In September, when pressure from the four recognised unions brought matters to a head, CEGB officials at the power station insisted that the six applicants should join one of the four unions.

"I never thought anyone would get dismissed for not belonging to one of the four unions. I thought far more freedom existed in the country than that, but I was proved wrong," said Mr. Sarvent.

The union now had funds of £2,000 in addition to about £100 kept by each branch and a fighting fund supported mainly by anonymous donations and TV appearance fees paid to members during the dispute. The size of this fund was not disclosed to the tribunal.

Official awarded £130 for 'unfair dismissal'

A FORMER official of the National Federation of the Self-Employed was yesterday awarded *£130 compensation after an* industrial tribunal decided that he had been unfairly dismissed.

Mr. Gerald Marsden, aged 33, of St. Annes, Lancs., said that he was dismissed after being told his job as organisation and liaison officer had been completed. It was his task to *organise various regions.*

But Mr. Marsden told the Manchester Tribunal that there were still regions in Northern Ireland, Scotland and Kent to be organised at the time of his dismissal in July.

Mr. Richard Suffolk, representing the federation, submitted the letter of dismissal, in which Mr. Marsden was told that from July 4 his services would no longer be required because of a "restructuring of staff." This was "no reflection on his ability."

The tribunal ordered that £130 compensation be paid and a contract of employment supplied. This had not been done when Mr. Marsden was employed in December last year for £45 a week.

'Ban foreign hotel workers'

THE TUC yesterday called for an end to the quota system that allows immigrant workers to enter the hotel and catering industry.

A team from the TUC's Hotel and Catering Industry Committee led by Mr. Harry Urwin (Transport Workers) met Mr. John Fraser, the *Employment* Under-Secretary, and told him that they saw "no justification" for continuing the system when the country was suffering from mounting unemployment.

Schemes for improved pensions 'imperative'

BY ERIC SHORT

THE PRESSURE of smaller wage-packets because of short time working was causing employers to opt out of occupational pension schemes, said Mr. Harry Lucas, head of the pensions and social services department of the General and Municipal Workers' Union said yesterday. He told his union's national conference for the electricity supply industry that the pressure was the real crisis facing the pensions industry, not the highly publicised comparisons between the public and private pensions sectors.

While he accepted the anti-inflation strategy, there were several good reasons why contributions to pension schemes should be excluded from the proposals.

The first was that pensions were deferred pay and by limit*ing the employer's contributions* deferred pay was being refused. The other main reason was that the new State scheme, in spite of its advances, was still inadequate in the provision of employee benefits.

There were no lump sum payments, no provision for earnings prior to the start date in 1978. Therefore, it was imperative to put new and improved pension schemes in operation as soon as possible.

Mr. Lucas criticised employers for the lack of communications with employees in endeavouring to make their schemes fully *understood and valued.*

Pay rises for educational advisers recommended

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

RISES ranging from 39 to 9 per cent., backdated to February 18, have been recommended by an arbitral tribunal for about 2,650 educational advisers, inspectors and psychologists in England and Wales.

The awards to the staff—who are covered by the Soulbury negotiating committee—pre-date the Government's present incomes policy. They extend to the advisers, inspectors and psychologists the principle of last year's 30 per cent. Houghton award to teachers in schools, colleges and polytechnics.

Assuming that the Government will provide local education authorities with the necessary extra funds, the details of the awards will be worked out in the Soulbury Committee on January 9.

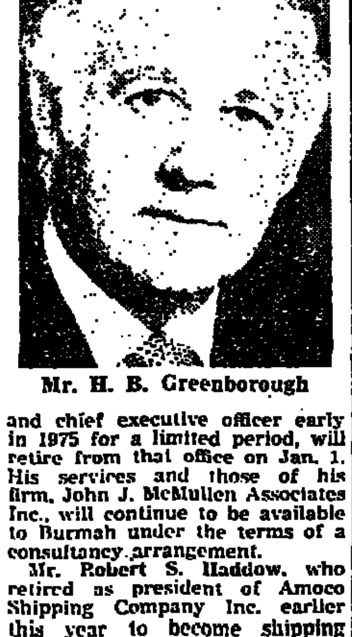
It is likely that assistant advisers—the lowest recognised grade—will have their salaries increased by 38.9 per cent. from £3,900 to £5,418.

The percentage rises will then taper off, with the highest grade moving from £8,757 to £9,534—an increase of 8.9 per cent.

APPOINTMENTS

Shell-Mex U.K. executive post

With the termination of the Shell-Mex and BP partnership on *December 31, Mr. H. B. Greenborough,* chief executive and managing director of that company will become, as from January 1, managing director and deputy chairman of Shell U.K. In this new position his responsibilities will cover exploration and production, oil supply, refining and marketing, and chemicals *manufacture and marketing* in the U.K.



Mr. H. B. Greenborough

★

Mr. J. M. Reavid is returning to full-time practice as a marketing consultant and has resigned from the Board of R. & G. CUTHBERT.

★

Mr. C. B. Branch, president of *The Dow Chemical Company, has* been elected chairman of the DOW BANKING CORPORATION. He succeeds Mr. Paul F. Oreffice who recently became president of Dow Chemical U.S.

★

After more than 32 years as a non-executive director of Jessel Toynbee and Co., Mr. M. G. Talbot *Rice retires from the Board on* December 31. Mr. R. S. O'Brien resigns from the Board on the same day.

★

Mr. H. H. Munte has been appointed to the Board of NORCROS as a non-executive director. Mr. Munte is chairman of the management of Schmalbach-Lubeca GmbH.

★

Mr. Jack Jones, general secretary of the Transport and General Workers' Union, member of the TUC General Council, has accepted an invitation to join the BRITISH OVERSAS TRADE BOARD. Mr. John Briggs, managing director of Norcros, is to join the European Trade Committee of BOTB.

★

Mr. Richard Ireland has been appointed a director of WOLSELEY-HUGHES. Mr. Ireland, who will continue as secretary of the group, was formerly finance director and secretary of its subsidiary Wolseley Webb.

★

The control of BURMAH OIL TANKERS will be transferred from New York to Burmah headquarters in Swindon, Wiltshire, on January 1. The move is being made to ensure closer co-ordination of all Burmah activities. Burmah will continue to maintain a small staff in the New York area to work on its U.S. operations and on those activities of Burmah Oil Tankers that will still require co-ordination in the U.S., particularly the LNG programme.

As a result of this decision, Dr. John J. McMullen, who joined *Burmah Oil Tankers as president* and chief executive officer early in 1975 for a limited period, will retire from that office on Jan. 1. His services and those of his firm, John J. McMullen Associates Inc., will continue to be available to Burmah under the terms of a consultancy arrangement.

Mr. Robert S. Haddow, who retired as president of Amoco Shipping Company Inc. earlier this year to become shipping adviser to Burmah, will succeed Dr. McMullen as chief executive of Burmah Oil Tankers, with the title of managing director.

★

ROOKE TAYLOR COOMBE has made the following appointments from January 1. Mr. Kerry J. A. Bethel, a Board director; Mr. Derek S. Gilding, secretary, and Mr. C. P. Bedford, Mr. A. L. King, Mr. K. W. Steed and Mr. G. H. Tymms, executive directors.

★

Mr. Graham I. Ryder has been appointed a director of HARRINGTONS AND GOODLASS WALL. He is a director of Goodlass Wall and Co.

★

Mr. David Harris has been appointed director of finance, BRITISH WATERWAYS BOARD.

★

Mr. D. M. Stewart has joined HARRIS AND DIXON and will be the director in charge of its shipping sale and purchase department.

★

Mr. D. J. Harbut has been elected to the Board of BOOTH (INTERNATIONAL HOLDINGS).

★

Mr. R. T. Pindar and Mr. R. Hudson have been appointed directors of the NORTH OF ENGLAND BUILDING SOCIETY. Mr. Pindar is chairman and managing director of Middleton and Pindar. Mr. Hudson is a director of Hudson and Lucas.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POWER

High energy dry cells

A NEW line of lithium batteries with eight times the electrical energy and over four times the shelf life of conventional dry cells is being produced by Tadiran, Israel's largest electronics manufacturer.

Providing the lightest and most compact energy source for weight and space conscious applications, the Tadiran lithium battery has an energy density of 510 watt-hours per kilogram and 0.9 watt-hours per cubic centimetre—with an operating cell voltage of 3.5 volts.

High performance in temperature extremes of −55° to +75°C and excellent voltage stability through the discharge period add to its versatility, the developer asserts.

Industrial applications cover emergency equipment and portable searchlights as well as laboratory devices and portable instrumentation. In the military field, the battery can be used as an energy source for flight recorders, navigation and recovery beacons and missile and ballistic telemetry.

Medical applications include pacemakers, hearing aids and surgical equipment. Uses in the scientific area include meteorological survey, airborne telemetry, memory circuits and low-temperature devices.

Electrodes are composed of lithium metal and carbon with an inorganic non-aqueous electrolyte. The inert character of the battery's active materials and a reliable seal ensure long shelf life with minimal self discharge.

Tadiran batteries are available in "D," "C" and "AA" sizes with Hi-Power and Hi-Energy electrode configurations, as well as in miniature button and wafer cells.

The company is at 3 Hashalom Road, POB 648, Tel Aviv 61000, Israel.

Four-year battery

A RANGE of small traction batteries in monobloc casings, which have been designed specifically for the small electric vehicle market, has been launched by Oldham and Son, Denton, Manchester M34 3AT (061-336 2431).

A feature is a "four-year guarantee throughout Europe," given because technical innovations that have proved successful in larger heavy duty traction batteries for fork lift trucks have been incorporated in this range, says the maker.

At present many small electric vehicles are powered by automotive type batteries which, because they have not been designed for regular charge-discharge cycles, do not give long and economic life. This new range incorporates tubular positive plates and traction specification negative plates which have been designed and proved to withstand the rigours of regular charge and discharge for at least four years.

The range consists of 20 different power output alternatives (six-volt from 72-288 ampere hours, 12-volt from 48-144 ampere hours) and has been designed to fit most U.K. and European small electric vehicles.

● COMPONENTS

Solid state relay

SMALL dc signal current of only 6 mA will produce mains control of resistive and inductive loads up to 3 A in a small plug-in device from Solid State Controls, Brunel Road, Acton, London W3 (01-743 7865).

The unit is particularly suitable for use with contact thermometers, mercury in glass manometers, temperature controls, level controls, and with meters and gauges. The single pole normally open semiconductor switch can easily be reversed to NC by the use of a simple logic gate to control the input. Operating time is only 100 microseconds so that high speed applications are possible.

Five basic operating voltages are available—10, 24, 36, 50, or 110 V dc, −10+35 per cent. at 6 mA.

The unit's plug-in base fits standard octal socket and its overall dimensions are 1.6 x 1.5 in diameter.

● COMPUTING

Aid to car owners and repairers

MOTOR vehicle test equipment that uses a small computer to find car problems and tell the mechanic what to repair is available from Autosense Equipment of Bicester, Oxfordshire.

After diagnosing the car's ailment, the analyser issues a printed report explaining the test results and recommending repairs in a way that can be easily understood both by the mechanic and the vehicle owner.

Autosense is part of Hamilton Standard, a division of United *Technologies Corporation (formerly* United Aircraft) of Hartford, Connecticut, U.S.

The system eliminates costly, time-consuming practices of repairing cars by trial and error and is essentially an advanced tool that allows the repair shop owner to improve the efficiency *and effectiveness of his business* while assuring the owner that the work done is both necessary and complete.

Autosense, Station Approach, Bicester, Oxon, OX6 7BZ. Bicester 43351.

● RESEARCH

Pond scum may produce petrol

A HEBREW University scientist has extracted high grade oil from algae in a test-tube process that he says could in principle solve the world's oil problem. The project is still in the laboratory stage.

Professor Ben-Zion Ginzburg, a botanist and biophysicist began experimenting in earnest a year ago with a green algae known as Dunaliella, a micro-organism that thrives in strong sunlight and warm salt water. It grows in the Dead Sea.

Essentially, Ginzburg's experiments with three other teams of scientists at the University have concentrated on trying to improve nature by creating a better strain of Dunaliella one that would grow quickly and profusely.

In warm salt water, he found, several million Dunaliella per cubic centimetre could be produced within two or three days, but only on a laboratory scale. Ginzburg said he began extracting oil from the algae nine months ago and found it to be of such high grade that it is practically petrol.

The project is in the laboratory stage but it is hoped to push it soon to a pilot plant.

Four research teams have been established to deal with techniques for the mass culture of the algae: the most efficient harvesting methods; genetic improvements in the algae; and improving ways of extracting oil from it and getting to the pilot plant stage.

American scientists have produced a crude, bituminous oil from organic substances that ranged from household garbage to agricultural waste. But the supply of those sources is limited, the cost of collection prohibitive and the end-product unsatisfactory, according to Ginzburg.

The construction of solar ponds for farming the algae would be costly, but inexpensive *compared with the cost of drilling* for oil. The ponds would be built in desert areas unfit for anything else. The Negev desert that begins south of Beersheba and extends to the Gulf of Aqaba at Eilat, covers 4,000 square miles. The raw materials for growing the algae are free: sunlight and carbon dioxide from the atmosphere.

Experts on coatings combine

FULMER Research Institute and the Paint Research Association have a co-operative agreement which creates what seems to be the most comprehensive service on research, development, testing, selection and application involving surface coatings. The agreement combines the experience of the PRA in paints and plastics coatings with the expertise of Fulmer with chemical vapour deposited, electro-deposited and flame-sprayed coatings.

In addition to the improved advisory services to clients of *both organisations a number of* joint projects are under way.

The PRA's World Surface Coatings Abstracts (WISCA) journal will be supplemented by new current-awareness abstract publications on the corrosion and protection of on-shore and off-shore steel structures and on adhesives. In addition critical reviews on developments in surface coatings will be published. Among the topics to be covered in 1976 are the current state and prospects for powder coatings and water based paints.

Fulmer Components, the manufacturing division of F.R.I., will be producing apparatus for paint testing designed by the PRA.

Fulmer on Fulmer 9181 and PRA on 01-977 4427.

Cabling on world-wide network

INCREASING DEMAND for the CAPICS (Computer Aided Processing of Industrial Cabling Systems) suite of computer programs in the design and construction of off-shore platforms is reported by ERA.

These facilitate the routing, *sizing, accommodation and installation* of complex electric cabling systems.

Electrical engineering consultants Ewbank and Partners of Brighton have been using CAPICS to process the cables on four North Sea oil platforms for the Shell/Esso consortium. These are Brent A, Brent B, Dunlin A and Brent D. Matthew Hall Engineering is also using ERA CAPICS to process cables for the Shell/Esso Brent C and Cormorant platforms.

CAPICS bureau service is to be provided on a world basis.

The enhanced system will use the Mark III time-sharing service *of Honeywell Information* Systems as a means of communication between the user and the CAPICS Bureau Service at Leatherhead.

ERA is at Cleeve Road, Leatherhead, Surrey KT22 7SA. Leatherhead 74151.

● CIVIL ENGINEERING

Dynamics of oil rigs

A NEW company, Structural Dynamics (Offshore), has been formed to study the behaviour of offshore structures under dynamic loading. An associate company of Acoustic Technology which is working on noise and vibration control in the offshore industry, the new company is sited in Southampton.

According to Dr. T. H. Melling, managing director of Structural Dynamics, accurate knowledge of the dynamic loading of offshore structures is vital for the continued safe operation of these high capital investments. A deep-*water offshore platform* is an elastic structure subjected to many forces which originate both from the hazardous environment in which it operates and the presence of a high density of machinery on board. The forces caused by wind, waves and currents are considerable; on them must be superimposed effects due to induced vibration.

Experience has shown that these effects may be significant in areas where there is structural resonance and where dynamic magnification occurs, leading to rapid failure of equipment and structure. A full dynamic analysis is therefore essential if the safety of the platform in seismic loading, collisions from ships or from explosions is to be assessed.

The company will apply its knowledge of structural dynamics to in-service dynamic monitoring. By these methods, it is possible to determine immediately if a structural member on a platform has failed—even if there is no apparent static change—provided the dynamic structural picture of the platform is known. Such monitoring could be entirely automatic. Use could also be extended to monitor the air tightness of a structure.

Further from the company at 19, Archers Road, Southampton SO1 2LS. (0703 36737.)

Data option on networks

DUAL-STATION key-to-diskette communications equipment for *low-volume sites in distributed* processing networks is available from Data 100 Corporation.

Using diskette storage media, the Model 77 remote entry system further expands the capability of Data 100's family of distributed processing systems. The system permits one or two *operators to enter, edit,* verify and store data on the diskette under the control of data entry software. Data can then be transferred to another diskette, printed on the system line printer, or transmitted in batch mode via IBM bisynchronous communications discipline.

Remote entry system allows operators to enter data via the key stations under the control of prewritten input formats. Uniform control of several remote entry systems in a network is achieved by including the format generation option *only on designated control* systems. Formats prepared and maintained on a control system can be transmitted via a central processor to outlying sites where only program execution is possible.

Data 100 is at Hamilton House, 111 Marlowes, Hemel Hempstead, Herts. (0442) 8684.

● SAFETY

Reports on toxic vapours

A SITE SURVEY service for the detection and measurement of toxic gases has been introduced by Hazard Control, 61, High Street, Barnet, Herts., EN5 5UR (01-449 3974).

Surveys are carried out during normal factory hours, and a report and recommendations, embodying tabulated results of the measurements obtained, is presented.

Currently the service covers the detection of tolylene di-isocyanate (TDI), vinyl chloride, phosgene, chlorine, hydrogen *sulphide, sulphur dioxide* and nitrogen dioxide, but it is anticipated that other materials will shortly be included.

Stops fuel reaching fire

A BRITISH company has developed a fire isolating valve which is claimed to be unique in its method of operation. Function of the valve is to check the spread of fire in the vicinity of flammable liquids by auto*matically shutting off the liquid* supply as soon as the ambient temperature exceeds a certain safety level.

Called the Beazley fire isolating valve, it is available in a range of sizes from ½ to 2 inches, and incorporates a fusible cap which, when screwed in place, *keeps the valve open but which* melts above a certain temperature—causing immediate closure of the valve.

In its standard form the fusible cap is made of lead-tin-antimony which melts at about 258 deg. C, but different materials can be used to provide either higher or lower operating temperatures. The valve can be used for the protection of individual components or as part of a progressive isolation plan, and meets DTI requirements as well as being Lloyds accepted, says the maker. Cleghorn Waring and Co. (Pumps), 31 Hitchin Street, Baldock, Herts. (0462 893838).

● ELECTRONICS

Easy path to logic control

ELECTRONIC building blocks developed by Mullard provide means of building inexpensive programmable logic control (PLC) systems for many industrial applications.

The modules are designed for use in industrial environments. Particular attention has been given to good electrical isolation and noise immunity, as well as simplicity of programming and extensive monitoring facilities to permit rapid debugging and fault finding.

In cases where end-users do not wish to assemble their own PLC Mullard-appointed systems builders are able to offer a complete service, including programming.

The system incorporates a 4k memory capacity and is capable of handling up to 512 (in total) inputs and outputs. These are maximum capacities and are obtained by using four 1k memory modules and a total of 32 16-line input and output *modules together with one central* processor and one programming module. The addition of a simple 5V (± 5 per cent.) power supply, interconnect wiring and a console rack is all that is required to build a complete PLC.

Five basic modules which make up the kit are an *input* module 1M10, central processor (including registers) CP10, non-volatile 1k program memory module MM10, output module 0M10 and a programming unit PU10.

The basic capacity of the program is 1k instructions, but this can be extended to 4k instructions by including extra memory modules. The memory is a ferrite matrix which, in addition to its instant reprogrammability offers the important advantage of non-volatile storage.

Mullard House, Torrington Place, London, W.C.1. (01-580 6633.)

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

The British motor industry suffers from overmanning, poor productivity, excess capacity and an over-elaborate model range, according to the Central Policy Review Staff. ANTHONY HARRIS details the report and its recommendations

Problems reflect present attitudes

The British motor industry "will go the way of the British motor cycle industry" by the mid-1980s unless urgent action is taken to overmanning, poor productivity, excess capacity and an over-elaborate, ageing model range, according to the central policy review staff, whose report on the industry was published yesterday.

Workers in British assembly plants produce only half as much as their Continental counterparts *with identical equipment and manning*.

A reduction of manpower is essential in the medium term to preserve job prospects in the long terms, and at least two assembly plants should be closed down. If nothing is done to stop the "vicious spiral of decline," 275,000 jobs could be lost by 1985, at a cost of £1bn. *to the balance of payments*.

Timely action, on the other hand, could restore competitiveness, and the industry could expand to 1.9m. units annually by the mid-1980s.

The CPRS says that the basic problem is human rather than technical, and says that the Government cannot escape responsibility for giving a lead.

It must declare its determination to do whatever is necessary *to make the industry viable*, and to provide a more stable home market. However, aid must be made conditional on the attainment of agreed performance standards.

No surrender

In particular, Government action to support British Leyland must not be allowed to become an unconditional subsidy for jobs. This would not only surrender the chance of a viable BL, but would create impossible conditions for the multinationals, whose overseas links are seen as a major source of strength for the U.K. industry.

The report makes it clear that the component, commercial vehicle, mechanical and press plants in the industry are reasonable cost-competitive by European standards. The major weaknesses are concentrated in car building and assembly.

Lack of capital equipment is *not seen as a major problem*, except in some parts of British Leyland, which should have invested £32m. a year more than it did since 1970 (a 56 per cent. increase) to keep up with competitors. The major investment required is in new models, where little productivity gain can be achieved.

The major contributions to efficiency must be sought in concentrating assembly in plants of adequate size, to avoid a heavy penalty in capital overheads; avoiding stoppages and slowdowns, the major reason for low productivity; and getting *rid of* excess manpower.

Both management and trade unions are severely criticised for the present situation.

Concentration

The report beings by reasserting the importance of the industry in the economy. The whole industry, including distribution and repairs, accounts for 5 per cent. of employment and 6 per cent. of investment in plant and machinery in the U.K., with a *heavy concentration in the* assisted areas and the West Midlands. In 1974, when the economy as a whole was in heavy deficit, the industry achieved an export surplus of £700m., of which cars accounted for *only* £65m.

While trade in built-up cars swung into substantial deficit in 1971, exports of knocked-down cars for overseas assembly were relatively stable.

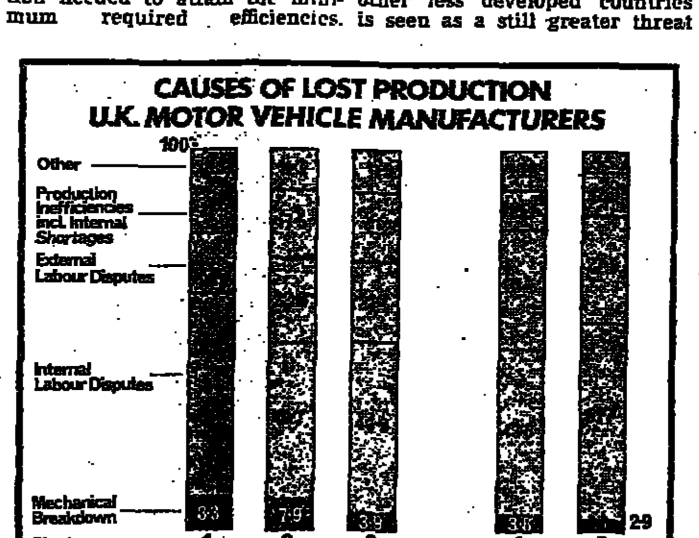
Net exports of car components (including kits for cars with less than 50 per cent. U.K. content) rose by 21 per cent. between 1970 and 1974, on the other hand.

The efficiency of the industry is poor, however. For example, the industry is among the top 5 per cent. of British industries in terms of wages, but achieves *only average value added per* employee, and is thus among the bottom 5 per cent. in terms of value added per 5 of wage cost.

This is despite the fact that it invests *far more per employee* than other industries with high wage costs—for example aerospace, machine tools and electrical machinery.

The CPRS says that the technical *process of car production* is much the same in all major manufacturing countries, and is unlikely to change radically in the next decade. British methods are generally up to industry *standards*, though the Japanese industry is gaining a lead in high-pressure die-casting of some mechanical components, and plants in the U.S., Japan and Italy have made greater *progress in the automation of* welding car bodies and advanced painting methods.

A major potential problem in the U.K. is that only a few plants have reached the scale of operation *needed to attain the minimum* required efficiencies.



Assembly plants need a througput of 250,000 units a year, for example and engine plants of 500,000.

The report remarks that Chrysler and Vauxhall, in particular, suffered from opening second assembly plants at Linwood and Ellesmere Port, based on an over-optimistic forecast of market opportunities.

The need to recover the high capital cost of an engine of new design, put at £150m., also tended to make the U.K. industry produce engines long after the marketing requirement was for a new design.

However, U.K. plants could still be far more profitable and *competitive if they could achieve* more continuous operation. This, however, would require either a market for 1.8m. units a year, or a reduction in plant capacity.

More sluggish

Turning to the longer-term outlook for the European industry as a whole, the report remarks: "The British motor industry, to a large extent, is already and over the next 10 years will increasingly become an integral part of the European motor industry. There will be no trade barriers within the EEC.

The domestic European market, says the CPRS, is likely to grow, but more sluggishly than in the past. Motoring will main- its convenience appeal over public transport, but the real cost of cars, fuel and maintenance are likely to remain high, while real incomes will grow only slowly. The market *will become increasingly* dependent on replacement demand.

The total market by 1985, in *the CPRS view, is unlikely* to exceed the 1973 peak by any great margin, and could fall short of it. The broad picture for the U.K. domestic market is seen as similar, though the fall *since 1973 has* been twice as heavy in the U.K. as in the West European market as a whole.

The domestic sales of European manufacturers are likely to fall short of these subdued growth forecasts because of higher imports. Japan—which is poised to mount a serious sales drive in Germany and France—Spain, East European exports and possibly some of the industries in less developed countries are all likely to increase their European sales.

The growth of local manufacture in Brazil, Iran, Korea and *other less developed* countries is seen as a still greater threat to European exports, which at present account for 60 per cent. of world exports—a better per*formance in relation to output* than the Japanese industry yet achieves.

In the U.S. the domestic industry has decided to confront European manufacturers directly with new sub-compact models. European manufacturers may lose volume, or be driven to assemble their models in the U.S., and in either case there would be more excess capacity in Europe. *The British industry*, which concentrates on specialist cars, is rather less vulnerable to the new U.S. competition than the main European and Japanese exporters.

The European prospect, therefore, is for depressed markets and fierce competition possibly for as long as ten years; and the British industry after a decade in which it has given ground heavily to its European competitors.

Under-capacity working is likely to persist. In this respect the U.K. industry, which has not greatly expanded capacity in the last decade, is not much worse placed than others, but the figures for the two major multinationals, Ford and GM, show especially high margins of spare capacity, while Chrysler, with above-average utilisation, is financially the weakest.

The most striking chapter in the CPRS report examines the causes of the weak competitive position of the U.K. industry.

Alarming

The report paints an alarming picture of a situation in which low growth and low profits have led to lagging investment and provoked restrictive labour practices and disputes. The result has been an actual decline in productivity, poor quality, delivery delays, and further loss of market penetration.

The financial weakness of the industry is shown both in the return on shareholders' funds and in the low cash margins—including depreciation on sales.

As a result, none of the British companies except Ford has earned enough to finance its own capital expenditures in recent years, and model policy in particular has suffered. The CPRS points out that the British industry has only two models, both distinctly old, in the rapidly-growing market for mini-sized *cars, though the introduction of* the Ford Bobcat will improve the position.

The industry's mini cars also offer relatively poor value for money, as do the ageing Triumph and Rover executive models—though replacements here should shortly restore the position. "The future of the industry depends on being profitable enough to introduce new models and provide old ones with a facelift as often as competitive conditions require," the report remarks.

Product quality is also a severe problem at present, and could hold back the sales of British models which are otherwise appealing and competitive. This is put down mainly to low morale and disruptions to the production flow.

In distribution, the British industry is judged to be fairly well placed competitively, though the British Leyland dealer network in Europe, especially *France and Germany*, is inadequate.

However, cost competitiveness is the gravest problem area and the report locates this firmly in car building and assembly. U.K. *labour costs — mainly* due to much lower social security, training and tax costs — are substantially lower per hour in the U.K. than in European countries; but the productivity gap is still greater.

The CPR found that the manhours required to assemble identical or closely similar cars in Britain and Europe, often using identical capital equipment, are *almost double*.

This means either a wage cost penalty of £50 per car at current wage rates, or much lower performance from expensive capital equipment.

In mechanical assembly of engines, gearboxes and axles, British labour requirements were 49-67 per cent. higher than in *similar Continental plants*.

Within the British industry, there are also large gaps, with U.K. Ford coming nearest to Continental standards, and British Leyland showing the worst figures. However, the CPRS found even the best British asembly plant had a performance nearly 40 per cent. worse than Continental practice.

Overmanning in some areas is *severe in the British industry: 41* per cent. in a range of assembly operations, nearly 80 per cent. in maintenance (with a lower standard of maintenance and more breakdowns in spite of this).

Failure

However, an even more critical *problems, according to the* CPRS, is failure to achieve planned production levels, even where manning is at competitive standards. An illustration from one operation using identical *plant last May shows how wide* this gap can be.

Another study of identical door operations in August showed Continental plants producing 75 per cent. more than British in *one case, and 120 per cent. more* in a second.

Of the total production lost on account of stoppages, manufac*turers are reported to attribute* 40 per cent. to shortage of materials due to external disputes or poor internal housekeeping. Quality faults requiring rectification and poor plant maintenance are also important: British plants lose twice as many hours due to mechanical breakdown as do Continental plants.

Slower

Above all, British lines simply move more slowly.

Together, these causes can halve *productivity even* when there is no overmanning.

Shortage of capital is seen only as a relatively minor problem for the British industry: the main investment required is in new models and replacement of some old equipment, either of which would make a dramatic contribution to efficiency.

Lower British labour costs to some extent offset the much lower efficiency of British plants, but in spite of this car assembly is 25 per cent. cheaper on the Continent than in the U.K., and the production of engines and power trains 2½ per cent. cheaper.

The U.K. industry is further handicapped by low volume in total, and per model. Coupled with low plant efficiency, this means that the capital expenditure per body sold for a British model averages £97, compared with £45.56 in Europe and Japan.

The British industry has too many models and engines in pro*duction—for example, 26 engine* ranges, compared with 15 in the much larger German industry.

Poor delivery performance resulting from disputes and breakdowns further reduces the *industry's capacity to meet the* demand available. Even in slack market conditions, buyers of British cars in the home market *had to wait longer for their cars* (almost 30 per cent. had to wait six weeks or more, compared with 10 per cent. of import buyers) and were less likely to get the colour and specification of their choice.

Not surprisingly, poor labour relations are identified as the major cause of many of these problems (and also rank high in manufacturers' assessments of the causes of lost production). The CPRS identifies six main causes:—

● 1—Lack of confidence in the industry's future, leading to res*trictive attitudes*.

● 2—Lack of mutual trust, after a long history of disagreements —partly the result of frequent management changes.

● 3—Poor communications between management and labour, especially downwards.

● 4—Clumsy introduction of measured day work at Chrysler and British Leyland.

● 5—Decentralised wage bargaining, again in BL and Chrysler.

● 6—Fragmented union structure.

*The poor atmosphere has pro*vided a fertile ground for the activities of extremists, says the CPRS, and the visibility of the industry and the ease of disruption by small groups have attracted extremist pressure.

Discussing the prospects for recovery, the report points out that the poor level of current performance—a gap which has largely opened up in recent years—is also a measure of the improvement which could readily be achieved by the use of known methods.

The range of possibilities is at best a growth from the present output of about 1.5m. cars, to more than 2.1m. by 1985, given some improvement in competitiveness and the more optimistic of a fairly central range of forecasts.

At worst, the industry could stagnate in the early years, leading manufacturers to withdraw from the U.K., and resulting in a halving of the size of the industry to 700,000 units, with a loss of 275,000 jobs and at a cost to the balance of payments of £1bn.

To escape this decline, U.K manufacturers as a minimum must achieve current Continental levels of productivity by 1985, says the CPRS. This would mean a reduction of 55,000 jobs; even if the relatively high growth to 1.9m. units is achieved, a substantial reduction in manning will be required in the medium term.

"Without this reduction in manpower over the next few years, the industry will continue to be uncompetitive and suffer heavy losses. Indeed, a reduction in manpower in the medium term is essential to the preservation of secure long-term employment prospects," says the report.

No case

However, the report stresses that there is no case for preserv*ing an inefficient industry simply* to protect jobs and exports. Over time, the resources could be better deployed elsewhere. Simply reducing the size of the industry would be no solution. Unless the surviving units are competitive, their prospects would not be improved.

Given the necessary changes in attitudes and efficiency, the CPRS identifies several important areas of strength for the U.K. industry: the large components industry, the low level of money wages and the international links of Ford, GM and Chrysler.

Reviewing its analysis, the CPRS concludes that the basic change needed is in attitudes. "There is not the slightest prospect of the British motor industry becoming viable at any level of production if the present constant interruptions to production, reluctance to accept new methods of working and capital equipment, and readiness to accept sub-standard quality continues. Fundamentally, these problems reflect prevailing attitudes of management and labour towards each other, towards productivity and towards work."

Future of the British car industry

The Central Policy Review Staff reached five main conclusions:

1—*The prospect is one of very tough competition in the Western European car industry for at least the next decade.*

2—*The British car industry* has serious competitive weaknesses. There are too many manufacturers with too many models, too many plants and too much capacity. These are the responsibility of management.

3—Other severe weaknesses are poor quality, bad labour relations, unsatisfactory delivery record, low productivity and too much manpower. With the same power at his elbow and doing the same job as his Continental counterpart, a British car assembly worker produces only half as much output per shift. It is not too late to correct these weaknesses. They basically arise on the shopfloor and it is on the shopfloor that they must be corrected.

4—If the weaknesses are not corrected, employment could fall by 275,000 by 1985 and the balance of trade in cars deteriorate by over £1bn. a year at 1975 prices. The most optimistic prospect is a U.K. industry volume of 1.9m. in 1985. The volume, bound to be lower in the years between, will only reach 1.9m. *units in 1985 if, in the* years immediately ahead, productivity sharply improves (and therefore manning levels are reduced). Without a reduction in the labour force in the short-term there is no prospect of large scale employment long term.

5—To improve productivity investment alone is not enough. The basic problem is attitudes—attitudes of both management and labour. The future of the industry lies in its own hands and in no one else's, but the Government now owns half the industry and cannot avoid the responsibility of leadership.

The Government must:

(a) Declare its determination to do all in its power to achieve a viable, substantial, internationally competitive and unsubsidised car industry in the 1980s.

(b) Sponsor a programme designed to achieve the fundamental changes in attitude throughout the industry required for improving productivity, quality and continuity of production.

(c) Recognise the need to rationalise plants and reduce *assembly capacity and to* ensure this reduction takes place with the least possible adverse effects on the general level of employment.

(d) Stabilise the domestic market for cars in particular by stabilising fiscal policy towards the industry. Study alternative means of restraining Japanese imports against the possibility that the coming talks with the Japanese should not prove satisfactory.

(e) Take action in British Leyland (BL) to bring about the changes which the CPRS has shown are necessary throughout the industry. Make the provision of capital to BL dependent on achieving specified improvements in productivity, quality and continuity of production. Consider future requests for financial assistance from other car manufacturing firms in the light of the CPRS report.

MAJOR CAR MANUFACTURERS' UTILISATION OF EUROPEAN ASSEMBLY CAPACITY

Volume car manufacturers	1974 profit after tax[1] (£m.)	2-shift capacity (i)	Units ('000) Production in best year (ii)	Production in 1974 actual (iii)	% capacity utilisation (1974)
BL (including Belgium)	−11.0	1,190	916	738	62
Chrysler (United Kingdom/France)	−25.8	900	780	647	72
Fiat	−13.7	1,850	1,514	1,206	65
Ford (United Kingdom/Germany)	−31.1	1,450	1,428	807	56
General Motors (Vauxhall/Opel)	−20.8	1,400	1,116	715	51
Peugeot/Citroen	−85.4	1,570	1,263	1,127	72
Renault	−21.1	1,500	1,174	1,174	78
Volkswagen (including Audi-NSU)	−168.7	1,800	2,032	1,436	80

1 Before extraordinary items

CARS PRODUCED (BU AND KD)—('000)

Country	1963	1965	1967	1969	1971	1973
France	1,027	1,374	1,752	2,172	2,688	3,204
Italy	694	1,104	1,439	1,476	1,704	1,824
Japan	408	696	1,375	2,616	3,720	4,476
Netherlands	17	36	44	61	98	85
Spain	79	160	275	200	458	714
Sweden	147	182	194	245	292	338
United Kingdom	1,608	1,722	1,552	1,717	1,742	1,747
West Germany	1,908	2,736	2,292	3,432	3,696	3,643
Total	5,983	8,010	8,923	12,099	14,368	16,336
United Kingdom, Share (%)	26.9	21.4	17.4	14.2	12.1	10.7

BRITISH CAR INDUSTRY IMPORTS AND EXPORTS
(£m. at constant 1970 prices)

	Year 1970	1971	1972	1973	1974	Percentage change 1970–74
1. Built-up car exports[1]	228	226	168	157	145	−36
2. Knocked-down car exports[2]	100	114	105	100	95	−5
3. Total car exports[3] (1)+(2)	328	340	273	257	240	−27
4. Car imports (all built-up)	85	158	255	281	190	+123
5. Balance of trade in cars (3)−(4)	243	182	18	(24)	50	−79
6. Component exports (net of imports)	327	360	344	374	395	+21
7. Balance of trade (5)+(6)	570	542	362	350	445	−22

1 Derives from the value in 1970 and index of number of vehicles exported.
2 Unit value index derived from SMMT data for assembled equipment from DTI Monthly Digest of Statistics).
of local content through the years.
3 Price indices for export and import units for transport and unassembled vehicles to take ammount of different levels

Annual Statement—Contd.

F. W. THORPE

(Manufacturers of "Thorlux" Quality Lighting Equipment)

RECORD PROFITS AND EXPORTS

The following are extracts from the circulated statement of the Chairman, Mr. K. C. BRANGWIN:

This has been a very satisfactory year in which we have achieved a pre-tax profit of £278,789 against £182,248, an increase of 53 per cent.

We have succeeded in increasing turnover by 46 per cent. to £2,093,124, which, although in itself reflecting inflation, shows a significantly better performance in real terms.

The export figure is particularly rewarding showing an increase of 124 per cent. over *the previous year* to a record £347,937. Further new agents have been established in countries not previously covered, and it is encouraging to see sales in these areas steadily rising. Visits by your Directors to the Far East, Australia, South Africa, and the Middle East are programmed for the coming financial year.

In my last report I mentioned that we had added an extension to our factory and that we were seeking further manufacturing space. An adjacent factory was purchased and we are in the process of reorganising our manufacturing areas in readiness for the increased sales we expect in the not too distant future. We have been able to improve our liquidity to such an extent that we can ourselves finance this increase in capacity, despite inflation.

We feel confident that if inflation can be controlled within reasonable limits we have the products to secure our fair share of a depressed market. In spite of this and in view of the economic difficulties facing us all, I find it difficult to forecast future results.

Car code of practice next February

BY PETER FOSTER

A COMPREHENSIVE motor industry Code of Practice covering dealings between the consumer and car *makers, retailers* and repairers is to come into force in February.

Drawn up over the past 10 months by the Motor Agents Association, the Scottish Motor Traders Association *and* the Society of Motor Manufacturers and Traders in consultation with the Office of Fair Trading, the code will cover the key areas of new and used car sales, warranties, repairs and advertising.

It is the largest code of its kind dealt with by the OFT since its formation two years ago.

One of the most important *features of the code* is the creation of a new independent arbitration scheme to deal with disputes which cannot be settled between the customer and the garage or the maker.

Pointing to the importance of this development, Sir John Methven, Director-General of Fair Trading, said yesterday: "As it is laid down by this code, *the arbitration* scheme should be easily available, not long-winded, and inexpensive."

Two areas which bring most complaints from consumers are those of warranties and pre-delivery inspection, *both of* which are dealt with in the code.

On warranties, the code covers the key questions of extension of the warranty period in the event of the car being out of service for a long period due to repair, and also stresses that warranties should be transferable.

Such repairs should be carried out by any dealer holding a manufacturers' franchise.

The code calls for all car order forms to detail "additional charges" *so* that a prospective buyer knows exactly how much it is going to cost him to put his car on the road.

On used cars, it says, these should undergo a standard pre-sales inspection, a copy of which should be given to the buyer.

A major clarification of ambiguities and unfair comparisons in advertising and of so-called discounts will be brought about by the code, which will also lead to firmer quotes on repairs and to guarantees against 'faulty workmanship.

Complaints

Dealers and manufacturers are called on to promote a clearly defined complaints procedure and should also make clear to customers that they have the right to refer complaints to the appropriate trade association.

Where such conciliation fails, the code states that the SMMT, the MAA and the SMTA will co*operate in the operation of low-*cost arbitration arrangements, and the award of the arbitrator will be enforceable in law on all parties.

Two-stage insurance rates rise

By Eric Short

ANOTHER MOTOR insurer, Excess Insurance Group, has announced that it is increasing its motor premium rates from January 1. But it has also taken the unprecedented step of announcing a further rate revision to be effective from July 1, 1976. No motor insurer *has previously given specific* notice of two future rate increases.

The company, which covers 160,000 motorists, lifts its rates for private cars by 17½ per cent. on January 1 and expects a further increase of 11 per cent. on July 1. It has adopted this timing rather than make a 22½ per cent. increase on January 1 for a 12-month period, because it feels that otherwise policyholders renewing in the first half of the year would be subsidising those renewing in the second half.

Excess Insurance claimed that it needed to increase premium income next year by 22½ per cent. to balance its motor account for the year. The increases proposed would achieve this while maintaining a fair ratio between the amounts charged to policyholders.

The company says the proposed July increase could be *reduced if the Government anti-*inflation measures were to succeed. But if these measures were a flop, the July increase could be larger.

Clearing banks' part of Chrysler rescue

BY MICHAEL BLANDEN

THE CLEARING banks' contribution of up to £35m. to the Chrysler rescue operation is expected to take the form of a loan perhaps for seven years on interest rate terms rather better than the normal commercial level.

In the light of the Treasury guarantee announced yesterday by Mr. Eric Varley, this could *mean that Chrysler will pay* 1½ to 2 per cent. above the London inter-bank rate, adjusted at intervals of perhaps six months.

This compares with a commercial rate of 2½ to 3 per cent. above the market rate, and would at present mean that the company would be paying around 12½-13 per cent.

It is expected that the loan will be shared *among the* London and Scottish clearing banks on an agreed basis.

A meeting is expected to-day between the banks and the company to sort out the details of the loan. It is understood that the clearing banks were called into the Chrysler talks late in the proceedings, last week-end, after initial suggestions that the *private sector contribution to the* package should take the form of a loan from Finance for Industry.

The provision of the Government guarantee has made it possible for the banks to come in on a normal banking basis in an effectively risk-free loan. No details of the guarantee were available yesterday, but it was understood that the Treasury will stand behind the loans on the basis of the 1972 Industry Act, apparently implying a ful guarantee for the capital and interest due to the banks. Behind this there will also be, Mr. Varley said, the counter-guarantees of Chrysler Corporation, the parent company.

The move will be welcome in the City, which had become very concerned over the possibility that FFI might be pressured into participating in the support for Chrysler.

FFI has already turned down a loan application from Chrysler *earlier this year, and has been* resisting attempts to persuade it to make loans on anything other than a purely commercial basis.

It is felt strongly in the City that any suggestion of FFI giving in to pressure to take on lending outside its normal commercial functions could damage its relationships with the pension funds and insurance companies which have agreed to provide finance for its expanded facilities.

The bank's participation has also avoided the damage which *might* have been done to the prospects of the proposed £500m. "equity bank" being promoted by the Bank of England. Institutional investors are already concerned about the dangers of pressure being brought on them to participate in supporting industrial lame ducks, and the Chrysler situation might have confirmed their fears.

THEATRES AR CONTINUED ON PAGE 29

APPOINTMENTS

CONTRACTS AND TENDERS

UNIVERSITY OF RIYAD, RIYAD, SAUDI ARABIA

ADVERTISEMENT FOR BIDS

Sealed Bids are invited for Equipment Prepurchasing for the Central Utilities Services Complex, University of Riyad, Saudi Arabia, in accordance with the Contract Documents prepared by the Consultant, HOK+4. Sealed original Bids will be received in Riyad at the University of Riyad, Riyad, Saudi Arabia. Copies of the Bids will be received at HOK+4, care of Syska & Hennessy, Inc. in New York until 10:00 hours local time February 10, 1976, and read aloud at 10:00 hours February 10, 1976, simultaneously with the opening in Riyad. Original Bids received in time in Riyad will constitute the legal Bids.
In general, the Work consists of the following categories of items priced to include all costs to deliver to the jobsite. Bidders may submit Bids on one or more of the following general list of items which have been described in the Specifications:

Centrifugal Air Compressors
Water Treatment Equipment
Sewage Treatment Equipment
Incineration Plant
Motor Control Centers
Shop Assembled Boilers
Premsulated Pipe, Fittings, and Accessories
Medium Temperature Water Cascade Heaters
Gas Turbine Generator
Water Chillers
Chilled Water Pumps
Cooling Towers
Condenser Water Pumps
Medium Temperature Water Pumps and Boiler Feed Pumps
Power Cable
13.8 KV Electrical Switchgear
Electrical Substations
13.8 KV Transfer Switchboards

The Bidding Documents may be purchased for SR 350 (or equivalent convertible currency) from the following locations from December 10, 1975, to January 6, 1976. Checks should be made payable to the "University of Riyad".

1. Riyad, Saudi Arabia
   a. (from December 20, 1975 to January 6, 1976)
   University of Riyad
   Administration Building
   Riyad, Saudi Arabia
   Telephone 29500 Ext. 94
   Telex 90019 RUNIVER SJ
   b. (From December 10, 1975, to December 20, 1975 during Haj vacation only)
   HOK+4 Consortium
   P.O. Box 5921
   Riyad, Saudi Arabia
   Telephone 66849
   Telex 20035 UNIVERS SJ
2. New York, U.S.A.
   HOK+4 Consortium
   c/o Syska & Hennessy, Inc.
   110 West 50th Street
   New York, New York 10020 U.S.A.
   Telephone (212) 489-9200
   Telex 127049
3. London, U.K.
   HOK+4 Consortium
   c/o Gollins, Melvile, Ward Partnership
   18 Manchester Square
   London W1M 6AY, England
   Telephone 01-486 6655
   Telex 28566

LEGAL NOTICES

No. 004086 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SEA BIRD (CLEAN AIR FUEL SYSTEMS) LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of December 1975, presented to the said Court by LANDI DEN HARTOG B.V. whose principal place of business is situate at Groenekanseweg 246, Groenekan, Utrecht, Holland, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 19th day of January 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CONSTANT & CONSTANT,
9 St. Helen's Place,
London EC3A 6DD.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of January 1976.

No. 004059 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SCAN HOTELS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of December 1975, presented to the said Court by ALBANY TRAVEL LIMITED whose registered office is situate at Lex House, 5, Burlington Gardens, London W1X 2QQ, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 19th day of January 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SIMPSON SILVERTOWN & CO.,
10-12 Neeld Parade,
Wembley, Middlesex.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of January 1976.

In the Matter of WILLIAM BOWDEN PRODUCTIONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of January, 1976, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned:

Peter Desmond Ashford,
of DEARDEN & CO.,
5 6 Giltspur Street,
London, EC1A 9PD

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 5th day of December, 1975.

No. 004085 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DARO (FLORISTS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of December 1975, presented to the said Court by FYFFES-MONRO FLOWERS LIMITED whose registered office is at 13, Stratton Street, London, W.1, wholesale florists, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 19th day of January 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CORNER & CO.,
33 Great Queen Street,
London WC2B 5AA.
Solicitors for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of January 1976.

PUBLIC NOTICES

BOROUGH OF NEWPORT BILLS

£600,000 issued 17.12.75, due 17.3.76 at a rate of 10 13/16%. Total applications £3,600,000. No bills outstanding.

CHRISTMAS GIFTS

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT —LAW NO. 8962

CHILEAN 4½% LOAN 1886

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 9th December 1975, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1976, from which date all interest thereon will cease:—

2 Bonds of £1,000 Nominal Capital Each
Numbers:
197 2506

6 Bonds of £500 Nominal Capital Each
Numbers:
3593 4371 4660 4663 5364
5686

48 Bonds of £100 Nominal Capital Each
Numbers:

6239	6630	6845	7214	7609
8410	8655	8958	9507	9768
10143	10287	10304	10895	10917
[illegible]	11062	11429	11814	12046
12135	12285	12946	12947	12951
13621	13959	14263	14716	14718
14877	15339	15473	15732	16148
16341	17310	17405	17665	17917
18299	18623	18872	19307	19439
20030	20413	20907		

56 Bonds amounting to £8,800 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1892

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 9th December 1975, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1976, from which date all interest thereon will cease:—

1 Bond of £1,000 Nominal Capital
Number:
452

3 Bonds of £500 Nominal Capital Each
Numbers:
701 802 1301

29 Bonds of £100 Nominal Capital Each
Numbers:

1703	1871	2014	2235	2626
2691	2715	3111	3310	4263
4359	4590	4591	4821	4892
5284	5386	5623	5624	5790
6181	6779	7261	7632	7767
7847	8117	8316	8478	

33 Bonds amounting to £5,400 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1896

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 9th December 1975, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1976, from which date all interest thereon will cease:—

3 Bonds of £1,000 Nominal Capital Each
Numbers:
252 327 1446

7 Bonds of £500 Nominal Capital Each
Numbers:
1461 1813 1947 2278 2482
2684 2749

104 Bonds of £100 Nominal Capital Each
Numbers:

4061	4574	4589	4708	4861
4893	5095	5743	5821	5902
6044	6080	6222	6316	6400
6583	6687	6703	6885	7099
7146	7296	7297	7313	7320
7586	7683	7798	7902	7969
8476	8509	8670	8836	9121
9162	9285	9358	9395	9437
9592	9868	9967	9995	10251
10301	10373	10374	10638	10674
[illegible]	10791	11046	11259	11322
11653	11729	11957	11958	12076
12165	12437	12673	12973	13064
13170	13263	13447	13641	13708
[illegible]	14073	14403	14740	14786
15023	15025	15187	15222	15380
15486	15531	15701	15702	15836
[illegible]	15986	16048	16072	16093
[illegible]	16160	16234	16278	16306
[illegible]	16420	16483	16545	16568
16623	16735	16768	16926	

114 Bonds amounting to £16,900 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1905

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 9th December 1975, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1976, from which date all interest thereon will cease:—

1 Bond of £1,000 Nominal Capital
Number:
16

3 Bonds of £500 Nominal Capital Each
Numbers:
672 680 1039

30 Bonds of £100 Nominal Capital Each
Numbers:

1175	1392	2033	2902	3594
3725	4006	4012	4049	4063
4110	4137	4148	4191	4242
4258	4279	4310	4329	4336
4379	4556	5117	5335	5681
5790	5974	5923	6807	7111

34 Bonds amounting to £5,500 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1909

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 9th December 1975, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st January 1976, from which date all interest thereon will cease:—

6 Bonds of £1,000 Nominal Capital Each
Numbers:
180 193 198 532 766
899

12 Bonds of £500 Nominal Capital Each
Numbers:
1273 1683 1761 1954
1978 [illegible] 2126 [illegible] 2499
2701

133 Bonds of £100 Nominal Capital Each
Numbers:

3068	[illegible]	[illegible]	[illegible]	3970
4225	[illegible]	[illegible]	[illegible]	4716
4773	[illegible]	[illegible]	[illegible]	5119
5267	[illegible]	[illegible]	[illegible]	5462
5344	[illegible]	[illegible]	[illegible]	6239
6313	[illegible]	[illegible]	[illegible]	6857
6895	[illegible]	[illegible]	[illegible]	7204
7270	[illegible]	[illegible]	[illegible]	7707
7784	[illegible]	[illegible]	[illegible]	8110
8192	[illegible]	[illegible]	[illegible]	8668
8801	[illegible]	[illegible]	[illegible]	9119
9175	[illegible]	[illegible]	[illegible]	9462
9463	[illegible]	[illegible]	[illegible]	9714
9779	[illegible]	[illegible]	[illegible]	10255
10274	[illegible]	[illegible]	[illegible]	10916
10978	[illegible]	[illegible]	[illegible]	11211
11310	[illegible]	[illegible]	[illegible]	11628
11839	[illegible]	[illegible]	[illegible]	12443
12487	[illegible]	[illegible]	[illegible]	12544
12558	[illegible]	[illegible]	[illegible]	12710
12719	[illegible]			

121 Bonds amounting to £22,500 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

[illegible]

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 9th December 1975, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bond was drawn for redemption at par on 1st January 1976, from which date all interest thereon will cease:—

1 Bond of £500 Nominal Capital
Number:
788

1 Bond amounting to £500 nominal capital.

Witness: K. F. C. Baker, Notary Public.

The above bond when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st July 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court,
St. Swithin's Lane,
London EC4P 4DU.
17th December 1975

COMPANY NOTICES

BRADLOW'S STORES LIMITED

NOTICE IS HEREBY GIVEN that the following dividends have been declared for the year ended 31st December 1975, payable on the 1st of January 1976:

Dividend No. 72 on the 6% cumulative preference shares.

Dividend No. 59 on the 6% 'A' cumulative preference shares.

For the purpose of paying the above dividends the transfer registers of the 6% and the 6% 'A' cumulative preference shares will be closed from Friday, 19th December, 1975 to Wednesday, 31st December, 1975, both days inclusive.

GWENT ENTERPRISES LTD.
(U.K. Registrars), P.O. Box 17,
114-116 St. Mary St., Cardiff.

HOTELS

PARLIAMENT

Wilson refuses to give ground

By Justin Long, Parliamentary Correspondent

MR. HAROLD WILSON, defying the political harsh weather, yesterday ostentatiously refused to give ground, either to the Opposition or to dissident backbenchers on his own side, when he was pressed in the Commons over the Government's defence cuts policy. There would be no reduction in defence expenditure which would reduce the effectiveness of NATO, he told MPs at question-time.

Left-winger Mr. Frank Allaun (Lab., Salford E.) promptly complained that the defence review had increased, not cut, expenditure, and he called on the Prime Minister to stand by the party's election commitment to reduce arms spending to the level of expenditure of other Western European countries.

This, said Mr. Allaun, would save £1.2bn. for social needs and industrial re-equipment.

Mr. Wilson tartly accepted the need to apply more money to social and industrial requirements. "And that is why I expect to have Mr. Allaun's full support for all the Government's measures affecting expansion of the gross national product," the Prime Minister added.

Mrs. Margaret Thatcher, Opposition Leader, in a less than helpful intervention wanted to know how many jobs had been lost as a result of the Government's defence spending cuts.

But Mr. Wilson, with an eye to the political consequences of the Government's operation to save Chrysler, assured Mrs. Thatcher that she was "absolutely right" to stress the question of jobs. And for that reason, he suggested, she would surely not lead the Opposition to vote against the Government on Chrysler.

But there was some mocking amusement from the Tory backbenches when Mr. Kenneth Baker (C., St. Marylebone), claimed that the only thing that kept the Government together was the "courageous determination" of certain Ministers not to resign.

This oblique reference to Mr. Varley, provoked the Prime Minister to an almost heated response. "You are quite wrong," he told Mr. Baker. On very difficult issues, it was possible not only for different people to have different views, but also to have to take account of the situation in which first Chrysler said it was getting out at the beginning of November, and would not put any further money in.

When they made significant changes this matter had to be reviewed. "I draw a distinction between those who argue the thing out round the Cabinet table and those who dissociated, after they have left the Cabinet, from the line they supported at the time," said Mr. Wilson.

Revolt on worker directors

By Our Lobby Editor

AN ARGUMENT about the composition of the Boards which should run the aircraft and shipbuilding industries after nationalisation caused seven Labour backbench rebels to force a division in the Commons yesterday.

Their move to have trade unionists appointed to at least half the membership of the Boards was defeated by 20 votes to seven in the Standing Committee on the Aircraft and Shipbuilding Industries Bill—a Government majority of 13.

Mr. Gerald Kaufman, Minister of State for Industry, had agreed that previous forms of nationalisation had been utterly unsatisfactory. He said: "We want an extension of Socialism. We are determined this time to get it right, not only because we want to move forward to public ownership, but to socialisation.

"Over the past 28 years, we have learned a number of lessons of what goes on."

He advised movers of the Labour amendment not to press a division. Mr. Fred Willey, (Lab. Sunderland N.) said there was a right to parallel representation from the workforces in shipyards. It was unrealistic to expect enthusiasm from workers unless they had representation at the centre along with the management.

Mr. Norman Tebbitt, (C. Chingford) claimed the rebels' amendment had nothing to do with industrial democracy. The powers to appoint people to the Boards would be transferred from the permanent advisers in the Civil Service to the trade union barons.

Mr. Ron Thomas, Left-wing Labour MP for Bristol N.W., said he thought appointments to the Boards would be an indication to workers in the industries whether the Government was really serious about industrial democracy.

Varley explains stark choice

BY JOHN HUNT

AFTER WEEKS of delay, rumour and reports of Cabinet strife, the long-awaited statement on Chrysler U.K. was given a hostile and deeply sceptical reception in the Commons yesterday.

Nobody seemed to have a good word for the proposals presented by Mr. Eric Varley, the Industry Secretary, involving 8,000 redundancies and the continuation of a slimmed-down Chrysler operation with maximum Government backing of £162.5m.

In the debate on the motor industry that followed, Mr. Varley confided gloomily: "The last seven weeks have been, in some respects, the most difficult of my life."

Conservative backbenchers argued that the rescue was a waste of taxpayers' money—a view shared by many Labour MPs who feared that at the end of the day, the Government would be left with an uneconomic car company on its hands.

There was a crumb of comfort for Mr. Varley from Left wingers who congratulated him on saving jobs. But they went on to berate him for failing to nationalise the company in the process.

Midland Labour MPs complained that employment in their area was being sacrificed to save jobs at Linwood in Scotland and Conservatives backed this up by accusing the Government of capitulating in the face of the rising tide of Scottish nationalism.

Unhappily, but doggedly, Mr. Varley plodded on, ignoring Tory taunts that only last week he had threatened to resign rather than accept the proposals which he was now presenting to the House.

He stuck to the argument that, faced with the stark choice of losing 250,000 jobs or saving some of them by giving financial backing, the Government had taken the only logical course open to it. "The statement we have made is fully justified. It is harsh for the West Midlands but the prospect for Linwood of a total closedown would have been even more severe," he said.

Gamely, he maintained that the strategy was fully in keeping with the stringent rationalisation proposals put forward in the "Think Tank" report on the motor industry which had been published earlier in the day.

There was a rising chorus of groans as he listed the cost of the rescue operation over the next four years. This changed to sceptical laughter when he added hopefully: "We shall share equally with them in any profits which accrue in these years."

However, he detected signs of schizophrenia on the Tory benches. He told them that they seemed to be arguing against Government intervention and simultaneously urging him to save jobs.

As he sat down to a chorus of demands for his resignation, Mr. Michael Heseltine, "shadow" Industry Secretary, rose to accuse the Government of going in the opposite direction to the recommendations of the "Think Tank" report. "Having heard the enormity of the commitment, the whole House will understand why the Industry Secretary threatened to resign," he declared.

"He would have been well advised to have done so. The Government has now abandoned its Chequers strategy and with it what little respect it was entitled to."

Mr. Pat Duffy (Lab., Attercliffe), who was chairman of the Expenditure Committee group which produced a gloomy report on the car industry, forecast that the long-term beneficiary of the deal would be American shareholders. Mr. Leslie Huckfield (Lab., Nuneaton) wanted to know what was to prevent Chrysler coming back in two years' time and threatening to pull out again.

The Secretary of State was warned by Mr. Arthur Palmer (Lab., Bristol NE) that many, perhaps all, Labour MPs were extremely unhappy at the statement.

"Can you tell us why the British taxpayers' money poured into this bankrupt American concern is going to make it pay in the future when it has not paid in the recent past?" he demanded.

Appropriately the exchanges ended with an intervention from Mr. John Davies (C., Knutsford), who as Secretary for Trade and Industry under the Conservatives, coined the phrase "lame ducks." He told Mr. Varley that the cost of saving the 17,000 jobs would be £10,000 a head and suggested the money would be better spent on finding work for the unemployed.

But Mr. Varley scored the final point by reminding him that he had himself abandoned the Tory Government's tough approach to industry by handing out aid to Upper Clyde shipbuilders.

Chrysler wanted to pull out—a loss of 25,000 jobs, MPs told

UNVEILING a £162.5m. deal with the Chysler Corporation to prevent 25,000 sackings, Mr. Eric Varley, Industry Secretary, warned the Commons yesterday that there would still have to be about 8,000 redundancies, mainly in the Midlands.

Mr. Varley said the Government had been faced with a fearsome choice: to lose all 25,000 jobs or keep 17,000 by making the transfer of Avenger car assembly from Ryton to Linwood in Scotland.

The Corporation had earlier said it would start liquidating Chrysler U.K. from the end of November unless the Government took it over. "This is the fearsome choice we have been wrestling with ever since."

Many schemes had been discussed but now agreement had been reached. "A total of £72.5m. has been committed over the next four years. There is to be a Government loan of £55m. for capital expenditure."

Mr. Varley said that London and Scottish clearing banks have agreed in principle to provide a medium-term loan of up to £35m. against certain guarantees, making a total of £162.5m.

Dealing with Chrysler's part of the deal the Minister said: "There will be two directors appointed by the Government to the company and a planning agreement will be developed. The Corporation has approved an important declaration of intent about the long-term future of the U.K. company.

"The Corporation, instead of pulling out completely, as was their earlier intention, are now prepared to increase substantially their financial commitment in this country."

Liquidation would have put 25,000 people out of work in Chrysler, with at least as many more in supplying and related industries.

Mr. Varley said the closure of Chrysler would have meant the loss of exports to Iran as well as other serious damage to the balance of payments.

But the scheme offered by Chrysler, by which the Government would be financially committed to Chrysler without gaining real control, had not been acceptable. However, after 11 meetings, an agreement had now been reached.

"Chrysler will streamline their operations by moving assembly of the Avenger car from Ryton to Linwood. Of the present 25,000 employees, there will have to be some 8,000 redundancies.

MR. ERIC VARLEY

Told by Tories he should have resigned.

"But the stark choice is between keeping this opportunity to maintain these 17,000 jobs or losing not only the full 25,000 but also many others in firms which depend on Chrysler.

"The redundancies will fall most heavily in the Midlands where we have the best prospects of providing other work as trade picks up. The Employment and Training Services Agencies stand ready to help in all possible ways."

Mr. Varley said that the aim together would be to turn losses into profits. The loan of £55m. was to finance capital expenditure on plant and model development.

"This loan will be at a rate of interest no less than the Government lending rate. The Chrysler Corporaion, in return, will guarantee the first half of this amounting to £28m.

"They will also provide £10m. to £15m. for the first stage of a programme to enable the C6 Alpine model to be assembled at Ryton from kits imported from Simca in France. If this enterprise is successful—as we must all endeavour to see that it is—later stages to be considered would provide for the U.K. supplies for these cars to be increased from rather over 50 per cent. to 100 per cent.

"This would involve a further capital development programme for Chrysler U.K. of about £23m. The effect of this scheme is to provide work at Ryton in place of the Avenger assembly."

In the early stages, there would be 2,500 redundancies there and also substantial loss of jobs initially at Linwood.

Mr. Varley said: "Because the Chrysler Corporation made clear throughout that they were not in a position to advance the necessary further funds to the U.K. company, we have devised with them a scheme to share risks and expenditures.

"For next year, they forecast a loss of £40m. We have offered to meet this, in addition to meeting half of additional losses if any up to limits of a further £20m. next year; £20m. in 1977, £15m. in 1978 and £10m. in 1979.

"This makes a total commitment to provide up to £72.5m. over these four years."

Mr. Varley stressed: "That is the maximum extent of our commitment. It is important to make clear that it is not open-ended. It is clearly defined. The responsibility for the success of the operation is also Chrysler's.

"As activities in this country have been running down for some weeks, it is essential to get work started as soon as possible. I shall, therefore, be laying the necessary Order in this House later to-day.

"The House will thus see that the situation has changed dramatically since November."

Mr. Varley said that Chrysler U.K. had not been able to convert its short-term liabilities into medium-term finance.

"The London and Scottish Clearing Banks have agreed in principle to provide a medium-term loan up to £55m. against the guarantee of the British Treasury which would be counter-guaranteed by the Chrysler Corporation.

"The total potential commitment will be £162.5m., but this includes the maximum guarantee liability for the £35m. mediu[m] term loan, the full £28m. of ca[pi]tal development which [is] counter-guaranteed by Chrysl[er] Corporation and the maximu[m] possible loss payments year [by] year.

"These commitments are p[ay]able only if Chrysler Corpo[ra]tion were to be unable to hono[ur] them.

"The Chrysler Corporation [in]stead of pulling out complete[ly] as was their earlier intentio[n] are now prepared to increa[se] substantially their financial co[m]mitment in this country.

"They also intend th[at] Chrysler U.K. will now play [an] important and expanding role [in] their world-wide activities.

"In addition, the Board [of] Chrysler Corporation ha[s] approved an important decla[ra]tion of intent about the long-te[rm] future of Chrysler U.K.

Directors

Mr. Varley went on: "So [we] have the basis for a continui[ng] operation into the 1980s whi[ch] will provide jobs for 17,000 o[ut] of the present 25,000 workfor[ce] not counting many more jobs [in] related firms.

"We have safeguarded t[he] important Iran contract a[nd] avoided further damaging c[on]sequences to our balance [of] trade from the disappearance [of] Chrysler production in t[his] country. We shall be appointi[ng] two directors to the Chrys[ler] U.K. Board and will be devel[op]ing a planning agreement w[ith] the company.

"The whole future of t[he] operation depends on the full co-operation of the workforce [in] accepting redundancies and [the] movement of work betw[een] plants and in collaborating [to] improve productivity.

"I have kept in touch w[ith] the union leaders and with M[Ps] from Chrysler constituencies [and] further necessary consultati[ons] are now in train.

"It will not help to try to a[llo]cate blame for all the indus[trial] relations trouble of the [past] which are highlighted in [the] Central Policy Review S[taff] report which has just been p[ub]lished.

"We must all, Governm[ent,] management and representat[ives] of the workforce ensure [that] industrial relations are put [on] a sound basis so as to secure [the] future of this operation in [the] U.K. with all that this imp[lies] for jobs and the balance of [pay]ments."

One uneconomic car factory . . . instead of houses and schools—Labour MP

Opposition spokesman Mr. Michael Heseltine said: "Having heard the enormity of the commitment, the whole House will understand why Mr. Varley threatened to resign. He would have been well advised to have done so."

He said that the Industry Secretary had abandoned the whole of the recommendations of the Central Policy Review Staff report, which had made it clear he should have gone in a totally different direction to the one announced.

"In the view of the vast majority of people in this House, the Government has now abandoned its Chequers strategy and with it what little respect it was entitled to expect."

Mr. Varley replied that the action the Government had taken was in line with the "Think Tank" report. "Far from abandoning the report, the slimming down is in line with it."

He said he expected redundancies in the Midlands to be about 5,500. They would have been much worse but for the Chrysler commitment to keep the Ryton plant operating. The announcement was in no way contrary to the Government's overall policy towards the car industry.

There would be 3,000 immediate redundancies from the Linwood plant in Scotland, because there was a phasing out of the Imp and later the Hunter. But there would be a build-up later, and some jobs would be restored, so that by August, 1976, the work force was expected to be 5,500.

Mr. Richard Wainwright (L., Colne Valley) asked how Mr. Varley reconciled the deal with Chrysler's declaration of intent, particularly concerning expansion, and the relatively modest amount of the company's commitment.

Mr. Varley said funds for capital development would be provided as a loan to the Chrysler Corporation from the Government. This was secured on the assets of the Chrysler Corporation, not on Chrysler U.K. "It will be adequate to meet their needs for the plans outlined today," he said.

Mr. Patrick Duffy (Lab., Attercliffe) asked how Mr. Varley could reconcile his funding proposals for Chrysler which was an overseas corporation, privately owned, and whose longer-term beneficiaries were much more likely to be American shareholders than British employees, and the commercial criteria announced last week to British Leyland workers, telling them that they could receive no more public money, although they were employed by a British corporation, publicly owned.

Mr. Varley replied: "I hope you do not think that the rescue means the whole of Chrysler U.K. is supported.

Many painful decisions had to be made, and 4,000 redundancies arose immediately. This was in line with the Central Policy Review Staff report, and the Select Committee. "This is by no means a soft option. It will be very painful for those who work in Chrysler U.K."

Mr. Leslie Huckfield (Lab., Nuneaton) said that although he welcomed the Government's initiative in trying to save jobs, it would present a savage, major blow to Coventry.

He recalled that the last set of undertakings given by Chrysler in 1967 had failed, and asked: "What is to stop Chrysler coming back to the Government in two years' time, threatening to pull out?" Had the Government considered putting someone on the Board or, better still, taking a stake in the company themselves?

Mr. Varley said part of the support operation was to ensure that Chrysler U.K. was firmly locked into the world-wide operations of Chrysler Corporation. "If we cannot achieve that, then there is not much hope for the company at all.

"It is impossible to give the declaration of intent legal force, just as in 1967 it was not possible to give the declaration legal force.

"One thing happening [as a] result of this arrangemen[t is] that Chrysler are commi[tting] funds immediately to this o[pera]tion. As time goes on, and [it] becomes a success, they [will] commit even more funds.

Mr. John Mackintosh (Lab., Berwick and East Lot[hian]) referred to a recently rep[orted] Cabinet decision to cut [pro]grammes on health, housing, [edu]cation and roads and added: [We] would have had some ho[uses,] schools and roads but we are going to get one uneconomi[c car] factory."

Mr. Varley said it would[n't] be appropriate for him to [com]ment on any of those asp[ects]. But one simple calculation [was] the amount it would have [cost] the State if all Chrysler [em]ployees had been thrown o[n the] dole—£150m. a year.

Mr. Eric Heffer (Lab., Wa[lton]) thought many Labour [MPs] believed that it was right fo[r the] Government to take this s[tep] to save as many jobs as pos[sible].

"Many of us believe th[at in] doing so, the Government s[hould] have carried out the p[arty's] manifesto commitments to [take] over or to take an appro[priate] share in any companies [which] have been rescued in this [way]. While we support the Go[vern]ment in saving jobs, we wil[l look] very carefully at the final [pack]age."

The Executive's World

EDITED BY JAMES ENSOR

David Fishlock describes GEC's research strategy

'If you can't describe it'

THREE MEN control GEC's central research programme, the hub of a £110m. research and development effort that straddles its 82 operating companies. One is Sir Arnold Weinstock, managing director, who, say his colleagues, has the salutary habit of asserting: "If you can't describe it to me, you probably can't do it." Another is Mr. Robert Clayton, technical director, and Sir Arnold's "technological lawyer." The third is Mr. Howard Losty, director of research, who sees his role as "instructing solicitor."


Terry Kirk
Mr. Robert Clayton

Both Mr. Clayton and Mr. Losty report direct to Sir Arnold—the only research chiefs in the company to do so. Each is frequently asked: "What are you doing about this?"—where "this" may well be a pink newspaper clipping. Their mutual relationship is more complex for, although they have adjoining offices in GEC's Hirst Research Centre in Wembley, one is engaged in managing its £4m. central research programme while the other—untrammelled by executive responsibilties—is effectively technical auditor of the entire company.

All three, however, see the 52-year-old Hirst Research Centre as the heart of GEC's technical strength, from which flows ideas, inventions, people; and which can be relied upon equally to spot long-term technological trends or to embark upon a scientific "fire brigade" operation when serious technical trouble strikes GEC.

To strengthen these roles—and above all its role in unifying the research and development effort right across the company—they have just completed the first major reorganisation of the Hirst Research Centre since 1960. The laboratories, gleaming in new blue-and-white livery, are now organised like a wheel, with materials science as its hub surrounded by five interrelating "spokes"—engineering, telecommunications, electro-optics, micro-electronics and microwave devices.

Materials science was chosen as the hub firstly because it relates crucially with each of the other research divisions, and secondly because it is the one that GEC operating companies seem to consult with most often. Over half of the laboratories' budget is subscribed by the operating companies, with the balance made up in almost equal proportions from corporate research funds, government contracts and sundry sales.

Surprisingly, perhaps, the main purpose of the materials research is not to invent new materials—something Mr. Clayton shies away from—but to acquire a deeper understanding of the materials GEC is already using, whether silicon in the case of semiconductors or glasses for its insulators, lamps and "light pipes". The research reaches deep into the manufacture of materials from which a constantly increasing performance is being demanded, and into their subsequent fabrication—all too often the cause of flaws.

"If you want to define the difference between my work and that of a university," says Mr. Losty, "it's that I will not believe a result until it's been done ten times." As for the search for brand-new materials, once so exciting for materials scientists, Mr. Clayton observes sadly that people have come to recognise that if you invent a new material, unless you are in the materials business yourself you are immediately faced by the much more daunting problem of persuading someone to make it. "We could sink a lot of money into exotic semiconductors that wouldn't earn us anything at all."

There is a principle here that applies widely to U.K. requirements to-day. This is that the future lies in using existing technology in clever new ways, rather than in discovering more "solutions in search of problems."

Researchers are encouraged to spend as much time as they can talking with GEC marketing people.

Howard Losty, director of research since 1973, to-day has a team of about 700. A theoretical physicist of 47, he has spent his career with GEC, starting as a student laboratory assistant. For a time, as manager of central research, he had to reconcile a situation of serving no less than three bosses.

Behind a mild professorial manner—in contrast with the more aggressive fast-talking Mr. Clayton—is a man of strong views about running successful research. "One thing you can never do is direct research—you have to get the sympathy of your people." The great thing, he believes, is to get people to tell you what they want to do. Even when he has decided the project must stop his approach is to try to induce the researchers to do the crucial calculations themselves, so that they come and tell him why they believe it will never work out.

But Mr. Losty claims that the most obvious reason for reluctance to stop a project—namely that someone would be out of a job—is never a factor at the Hirst Research Centre. The flexibility of the research programme itself answers the question: "What shall we do next?"

But what about the man who has devoted years to his subject and is acknowledged as one of the "world's leading experts"? If Mr. Losty judges that GEC can no longer support the project in its own interest but the work is still worthwhile, he and Clayton will try to place the research elsewhere—in a university perhaps.

But he adds that GEC central research nowadays tends to have a fairly short time cycle. An average programme would be three years of quite substantial effort to decide whether and which way to go. If they find themselves in the same line of research after five years they begin to ask awkward questions.

An example of this intensive attack can be found in the concept of a magnetic bubble memory which burst on the world in the early 1970s. The laboratories put a team of eight into an effort to see whether some formidable technical hurdles could be surmounted in terms of a genuine GEC requirement or market opportunity. They concluded that it was neither a vital component to GEC business nor a component that was going to sell in large numbers. "And the man in charge was the main analyst in coming to the conclusion that we should stop."

Sir Arnold Weinstock requires a quarterly report on the laboratories' progress. But Losty and Clayton have devised three controls of their own for the research programme. Least formal is Mr. Losty's Monday morning scientific meeting, when three young scientists, who have begun to make their mark in the laboratories and whose research has something in common, are given 30 minutes apiece to present their work. This is followed by the freedom for each to say what he wishes about what he is doing and how he thinks it should be treated by GEC. "But one of the rules is that nothing he says can ever be held against him," affirms Mr. Losty.

The second, more formal, is Mr. Clayton's annual review of the work of all six research divisions. Their third control is the project review, made when a project—say, the basic principles of a new kind of display—has made enough progress to examine its relevance to GEC. Mr. Clayton chooses the review panel and Mr. Losty reports where the project stands and where it seems to be going. Like Howard Losty's Monday meetings, it is informal and can be set up quickly in response to a discovery, a market opportunity, or a call from the managing director.

MITBESTIMMUNG

A very German way of doing things

BY ADRIAN DICKS IN BONN

LAST WEEK'S compromise between the West German coalition parties on further participation by workers in corporate decision-making is not going to turn the Federal Republic into a socialist "promised land." It will leave the final say over how a company is run firmly in the hands of the shareholders. And it will not give the powerful German trade unions the control they have been seeking over who exactly will sit on the workers' side of the boardroom table.

As a political event, the compromise over the issue of *Mitbestimmung* attracted a good deal of attention, intended as it was to show that the Social Democrats and Free Democrats, starting from diametrically different philosophical positions, could still work constructively together. But for the two sides of industry, on whose behalf the politicians had been wrangling over *Mitbestimmung* ever since the coalition came to office, the Bill that will go before the Bundestag early in the New Year leaves much to be desired.

Goal

The trade unions were forced some time ago to face the fact that their goal of equal representation for the workers in a company on its supervisory board, pursued steadily by German socialists since the days of the Weimar Republic in the 1920s, was an impossibility. An earlier attempt by Chancellor Helmut Schmidt's government to take *Mitbestimmung* to this logical finishing line foundered on the Federal Constitution's articles protecting shareholders' final rights over their property.

Since then, the Deutsche Gewerkschaftsbund (DGB), the counterpart of the British TUC, had reconciled itself to the form of supervisory board that, under the Bill, will be installed from the beginning of 1977. It will consist, in every company employing 2,000 people or more, of 20 members. Ten of these will represent the shareholders and 10 the employees—as compared to the present ratio of eight to four. But in the event of a deadlock between the two sides, the chairman will have a second, tie-breaking vote. And the mechanism for choosing the chairman makes it certain that he will almost always come from the shareholders' side.

Of the 10 people sitting on the employees' side of the table, three will be nominated by the unions and six elected by the entire workforce. In smaller companies—meaning those with up to 8,000 employees—there will be a direct vote. Companies with more employees will also be able to hold direct elections, but are more likely to vote instead by an elaborate indirect system involving an electoral college whose members will be chosen at works level but who will themselves have the job of choosing the members of the supervisory board.

The tenth man on the employees' side of the supervisory board, whose exact role has been the subject of bitter argument among the politicians, will be a senior executive. Two senior executives will be nominated by their colleagues and one of these chosen by the vote of the entire white-collar workforce. This provision had also been opposed by the trade unions, both on the grounds that a senior executive could be expected to side more often with the shareholders' representatives than with his fellow-employees, and also that such an arrangement perpetuated a pernicious class division among the employees.

If all this sounds complicated enough in outline, it is a safe guess that when the Parliamentary draughtsmen have finished it will be well-nigh incomprehensible. What difference will this cumbersome system, full of checks and balances and guarantees for the protection of minorities, make to the everyday working of German industry?

Once the political dust has settled—and the Coalition is now unlikely to run into trouble from the opposition Christian Democrats on the issue—*Mitbestimmung* may well come to seem more an extension of the constructive spirit that has often characterised German industrial relations than an attempt to alter it fundamentally. There are in post-war German industrial history three important precedents to suggest that putting employees' representatives in the boardroom is much more likely to strengthen German companies than to set them off on any radical course.

First, there has been the experience of *Mitbestimmung* in a form very like the new Bill, in the coal and steel industries since 1951. This was the era that saw the painful post-war transformation of these two basic industries and especially the enormous run-down in mining employment in the Ruhr. There is now broad agreement that the close involvement of trade union leaders in this process at the corporate level was a major reason for the smoothness with which the run-down was made.

To this must be added the experience that the unions have gained through their participation in supervisory boards under the present system giving employees one-third of the membership. While this arrangement has not been to the unions' entire satisfaction, it has been enough to give them a taste of the difficult conflict that can arise between representing their members' immediate interests and securing the longer-term health of the companies that give their members work. A case in point is that of Volkswagen earlier this year, where one of the most influential men in the German union movement, Herr Eugen Loderer, chairman of IG-Metall, sits as a member of the supervisory board that had to endorse massive cuts in manpower.

Perhaps of even greater importance has been the role of Works Councils in German industry, giving employees—and in practice, frequently union officials—a real voice at local level in matters affecting jobs.

In all three of these areas, German trade union members have consistently been content to leave their interests in the hands of men whose primary concerns have been to safeguard employment and to work for higher wages and benefits. The new *Mitbestimmung* Bill will swell the ranks of those involved directly in company decision-making, yet there is little evidence to suggest that their concerns will be very different from what they have been in the past.

There appears to be relatively little enthusiasm on the shop-floor for the new *Mitbestimmung* Bill. The opinion polls have consistently shown that no more than about one person in 10 who will benefit from the Bill actually has strong feelings about the issue either way.

Against this background of indifference, the political parties, the unions and the employers' associations have fought long and hard over *Mitbestimmung*. Yet their battles have been more about its form than its substance. It seems certain that given the role the unions have shaped for themselves in this country since the war, the result will be to bind them even more closely to the fortunes of the prevailing social market economy and of the individual companies that make it up, rather than to reach for an unaccustomed politicisation of industrial affairs.

Mitbestimmung, in short, is a very German way of doing things in the unique context of German industrial relations. It would be unwise for other countries to expect to transplant it without very carefully preparing the ground.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Resolution to dismiss director

A director of a company may be dismissed by ordinary resolution at a general meeting if a member gives Special Notice in accordance with S.142, and this Section provides that such Special Notice of the proposed resolution must be circulated by the Company within certain time limits to the members. Some companies have circulated such notices to members because of the obligation of the Section, although the Directors have been totally opposed to the resolution. Other companies have declined to circulate the notice on the ground that members' resolutions can only be circulated if S.140 is complied with which requires a minimum of support from shareholders. Do you not agree that such action is improper and if so would a member's action on the ground of infringement of his rights as a member succeed and would only nominal damages of the order of £30 be awarded in the case of the company which has declined to circulate?

We think that sections 142 and 140 of the Companies Act, 1948 confer two separate and distinct rights on shareholders, and that a company which refused to give its members notice of a resolution of which it had properly been given special notice would be acting wrongfully, even where its ground for so acting was want of compliance with Section 140. It would be difficult to frame a claim in damages against a company which refused to operate Section 142 — for want of any special damage, but an injunction to restrain the holding of the meeting for which notice of the Section 142 resolutions had not been circulated would be both quicker and more effective to obtain.

Company as farmer

Does the fact that a farmer is a company affect the company's security of tenure?

A farming company is entitled to the same protection and security of tenure under the Agricultural Holdings Acts as an individual tenant farmer.

Expiry of a sublease

I obtained a 10½ years underlease for office and showroom with a rent revision after 5 years. The original sublessors then left the building and their sublease was taken over for the remaining 5 years by another firm to whom I paid the increased rent. I understand that this sublessor is giving up the tenancy but I have not been notified by the landlord, nor have I been given notice regarding my lease expiring in 5 months. What is my position?

If your original term of your sublease has not expired, it will not be brought to an end by the surrender of the leasehold interest which is the reversion on your interest. Your sublease will continue by virtue of the provisions of Part II of the Landlord and Tenant Act, 1954, even after the date of expiry of the contractual term, until a notice in the form required by that act is served on you and a suitable ground of opposition to any claim you make to a new lease is established (always assuming that you occupy the demised premises for business purposes). You should therefore continue to pay rent on the footing that your lease is continuing. If a notice under Section 25 of the Landlord and Tenant Act, 1954 is served on you, consult a solicitor.

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WEDNESDAY, DECEMBER 17, 1975

The Chrysler gamble ...

ONE OF the central conclusions of yesterday's report by the Central Policy Review Staff is that, even on optimistic assumptions about the growth of car demand over the next 5-10 years, the British car industry has too much capacity; it should be reduced by at least 400,000 units. If this view is accepted—and it accords with the industry's own forecasts—it is unlikely that all four of the existing manufacturers can survive in anything like their present form. The most likely casualties have for some time been British Leyland and Chrysler, the first because the 1968 merger has not worked and the company has deep-seated internal weaknesses, the second because Chrysler Corporation in the U.S., which is in any case the weakest of the American "Big Three," has had ten years to make a success of the Rootes acquisition and has failed to do so.

Commitment

Earlier this year the Government decided to nationalise British Leyland and to commit large sums of public money to it, in the hope that its weaknesses could be corrected. There was no intention of reducing British Leyland's capacity; rather the hope was to make full use of the existing capacity and even to enlarge it as the company increased its share of world markets. Having made this highly risky commitment, the Government might have been expected to regard Chrysler's decision to close down its U.K. manufacturing facilities as a useful step to eliminate unwanted capacity and to remove part of the competition to British Leyland. Instead, the Government has stepped in with a variety of loans and guarantees, totalling up to £162.5m., to keep the company in business.

What conceivable justification can there be for such intervention? Chrysler U.K. is a commercial failure. There is no more reason for bailing it out with taxpayers' money than in other failures of this sort: Imperial Typewriter, also U.S.-owned, was a recent example. If it was the case that Chrysler U.K. was basically a sound, well-managed concern, suffering from a temporary cash crisis and a temporary recession in sales, a case could perhaps have been made for short-term assistance. After all, the U.K. is fortunate, as the CPRS report points out, in having all three American car manufacturers established in the country; if all three can be persuaded to stay (and if all the obstacles to productivity pinpointed in the report are removed), then our share of world car exports would presumably be higher than if we had only two.

Chrysler's performance since it bought into Rootes suggests that the crisis is more than temporary. It is true that since Mr. John Riccardo's appointment as chairman of Chrysler Corporation, there has been a more purposeful look about the company's approach to its problems; but even in the U.S. its position is somewhat precarious. Within Europe, after allowing for the relatively good results from the French subsidiary, it must be ranked as one of the weakest manufacturers. We are told that Chrysler has committed itself to the long-term future of the U.K. subsidiary; it is not clear why these commitments should be given any more weight than those made at the time of the take-over of Rootes. The rescue of Chrysler is a gamble at least as risky as the decision to prop up British Leyland.

Strategy

If the Government accepts the CPRS view that the motor industry is grossly over-manned, that its manufacturing capacity is excessive and that it will need to shed at least 50,000 workers between now and 1980, there is no economic case for spending public money on Chrysler except to ease the immediate hardship involved in the run-down. By saving Chrysler the Government is compounding the difficulties faced by the other three manufacturers and delaying the adjustment which the industry will eventually have to undergo. The plan may or may not be effective in terms of Scottish politics; to claim that it is consistent with the Government's industrial strategy is absurd.

... and the way ahead for the industry

GIVEN precisely the same equipment, and making the same model, a British car assembly worker produces only half as much as his counterpart in Belgium. In that one bald fact the Central Policy Review Staff has summed up the deep sickness of an entire industry. It is the end result of a decade of management upheaval, disruption through Government policy changes, shop-floor agitation, threats, insecurity, bitterness and mistrust. In little more than a decade, the industry has slipped from a quarter of the whole of European output to 10 per cent.; it can no longer recover even the cost of its operations. Its reputation for poor quality is such that British cars are hard to sell.

Human problem

While there is nothing radically new in this analysis, the report is extremely valuable. It will sweep away much nonsense: it is not shortage of capital which has brought the industry down, but misuse of the capital it has. The problem is at core a human one; and as the report bluntly concludes, without a change in attitude the decline will follow its ordained course to final collapse. As it is, a sharp reduction in employment of perhaps 20 per cent. and some further plant closures are necessary to eliminate surplus capacity which will otherwise keep the industry unprofitable for a further decade.

The diagnosis, though familiar, makes an overwhelming impact in the cool analysis presented here: but what of the prescription? The CPRS appears to hope basically that exposure to the facts it has assembled, together with a major educational effort, will produce the change of heart which is indispensable.

To those who look only backwards, this must appear a naïve hope; but such changes are not unprecedented. Other car companies in other countries have appeared near collapse—BMW before a large injection of public funds financed new and competitive models: Renault, whose design, quality standards and labour troubles in the early '60s forced it to withdraw for a decade from the U.S. market; Alfa Romeo, another heavy recipient of State capital; American Motors, once near closure, recently the fastest-growing U.S. manufacturer.

If an optimist is a man who sees a glass as half full, he can also see in the CPRS strictures a measure of the opportunities available to any British company which does overcome the shortcomings described. Simply to achieve their own production plans would improve output in many plants by about a third, and transform profitability. Continental standards are not unattainable here.

First step

This notion of what is attainable is as necessary as an acknowledgment of present faults if performance is to turn up: but it is arguable that there are deeper problems than can be solved simply by better information, conditional aid and market stability. The fact that performance is so much worse in line assembly than in mechanical and component production is left unexplained; but it is not only the Swedes who have found problems in reconciling workers to assembly line routines, as grim reports from Detroit and elsewhere have shown. New forms of organisation and more automation may be highly necessary. But the CPRS has presented the industry with its moment of truth, a necessary shock which if it does not cure may kill. This could be the industry's last crisis: to acknowledge the depth of the crisis is the necessary first step to its resolution, but not a sufficient answer.

Terry Dodsworth analyses the Chrysler proposals and the Think Tank report on the motor industry

Imponderable signs along the new State road for Chrysler

MR. ERIC VARLEY'S statement yesterday on the future of Chrysler in the U.K. raises as many questions as it sought to answer. Apart from its general implications of a return to a more interventionist industrial strategy, his proposals are causing a furor in the motor industry itself, which is amazed at the scale of the assistance to be offered to the company.

The main points in the industry's reaction can be summed up thus:

1. Assistance to Chrysler carries very serious implications for the other two British multinational car concerns, Ford and Vauxhall, the General Motors subsidiary. Although they refuse to comment on the rescue proposals in detail, neither company is happy with them, and they could clearly affect their own investment policy in Britain. The danger, as some industry figures see it, is that Government money in both British Leyland and Chrysler could be used effectively to buy market share against their free enterprise partners.

2. Management will be left in the hands of Chrysler (despite the two Government directors), although the company does not have a sparkling track record in the U.K.

3. If Chrysler is to become viable it will have to sell more cars, and selling more cars implies that it will deprive the rest of the British industry of at least some of its market share. Is it sensible to be subsidising Chrysler to compete against an even more heavily subsidised British Leyland given that the two companies' product lines overlap at all levels?

4. The production reorganisation, involving the switch of the Avenger lines to Linwood, will be highly disruptive. During the last six weeks of uncertainty, Chrysler has lost a lot of market share, and with the quality problems that will ensue from producing the Avenger with an unfamiliar work force at Linwood, it will be hard to pull back.

Long-term viability

Overshadowing all these arguments is the question of long-term viability, since all the experience of the past few years shows that it will be difficult for Chrysler to get back to a sound, self-sustaining base. Doubts about the company's being able to do so, even with a generous injection of Government cash, centre on its size and model range: observers argue that Chrysler is neither large enough to compete effectively in the volume car market, nor has the quality of model range to take on the competition in specialist cars.

All the successful European car manufacturers of the past decade have been good at either one or the other of these production methods. Chrysler, in the view of some critics, has fallen fatally between the two policies. When the U.S. group came onto the scene and bought into the old Rootes Group, the company was already moving away from the traditional, slightly up-market image embodied in the Humber and Sunbeam models. The investment in the Imp, a car which was designed to compete with the Mini in the most intensely competitive and low margin end of the volume business, was largely on stream. Chrysler then took the policy a stage further with the launch, five years ago, of the Avenger, a modest family car designed with the fleet market in mind.

The Avenger was the only car to be introduced under Chrysler's sole control of the company, and placed the company even more firmly in the volume car business. For a time, it even pushed up Chrysler's U.K. market share to 14 per cent., but despite this the company never broke through into the big league of producers. Its total capacity is about 350,000 cars a year. By contrast the big European producers — Volkswagen, Fiat and Renault—are capable of producing between 1.3m. and 1.6m. cars a year, and the second rank producers—British Leyland, Peugeot — between 600,000 and 1m. cars a year.

In addition, Chrysler's output is split between three different models—the Imp, Avenger and Hunter — in two different assembly plants. The big manufacturers of popular cars are moving towards volumes of 250,000 for one plant—and even one model—alone. Indeed the Think Tank argues that this is the kind of level needed to bring through economies of scale on the assembly line: in Japan, where the approach has been pushed ruthlessly through to its conclusion, it is noticeable that the main assembly plants all have a potential (and often realised) output of 300,000 cars a year.

One of the most significant points in yesterday's announcement is that it gives Chrysler the opportunity to do something about its model range, but apparently does nothing about its production capacity. Chrysler will still be stuck at about 250,000 units a year, or possibly less: in other words it will remain a small-scale manufacturer by average European standards, and a tiny one in comparison with the large European and Japanese manufacturers.

It can be argued that given current overcapacity in the industry it would be wrong to move to higher volumes. Indeed, this is one of the most striking points made in the Think Tank report, which states unequivocally that a number of British assembly plants should be closed. If this is accepted, then there are only two ways for Chrysler to go—either towards a more up-market model range, or to greater integration with the group's French subsidiary. Not unexpectedly, it is the latter course that has apparently been chosen.

Chrysler has been moving tentatively in this direction for some time, though clearly hampered by its 1967 commitment to the Labour Government not to do anything to alter the status of the U.K. company. The model for this approach is Ford, which decided in the mid-1960s to bring together its U.K. and West German companies under the umbrella organisation of Ford of Europe, staffed by British, Germans and Americans. Over the past year General Motors has begun similar moves. The decision for Vauxhall to market the Cavalier in the U.K., a car which is assembled in Belgium from components made in Germany is evidence of the new thinking.

Integration policy

The question now is how far a policy of integration—one of the courses outlined in the Think Tank report—will help Chrysler, and what it would mean in terms of the size of the U.K. establishment. In some ways the Ford example is not the best guide to this, because its U.K. and Continental companies (in Germany and Belgium) are similar in size, and both have been able to make profits. In the case of Chrysler and General Motors, the two British companies are weak and unprofitable, and are linked to stronger and larger Continental concerns: a client relationship already exists.

To get Chrysler onto a sound footing implies an even more dominant role for Simca, because the French company has the more proven management with a record of profits—if only modest profits—behind it. The reduction of Ryton to a small-scale assembly plant served from France—as announced yesterday—is the first step towards this. But where will the company go from there?

What the Ford example has shown is that an integrated European company can make economies in several areas:

● At the design and development level. Ford's Capri and new Escort, and the planned new Cortina, were produced by the joint team of Ford of Europe. One of the Think Tank's points is that such a rationalisation of design and engineering staff helps substantially to reduce overheads.

● By standardising manufacturing so that certain components can be made centrally. Escort engines from Dagenham go into the German car, and castings made in Britain will be used for the new small car to be made at Valencia in Spain. Similarly body panels are moved around Europe—Ford argues that it is often cheaper to bear the transportation costs than to tool up in two places for small components which need to be produced in very large volumes.

● By getting an integrated European product range which shares the same tooling, which can be switched around markets, and which can utilise assembly plants approaching the ideal capacity. The Think Tank report puts ideal assembly capacity at between 200,000 and 250,000 units a year—and the Ford's Halewood plant at Liverpool can produce about 200,000 Escorts.

In Europe, such rationalisation is hampered by the economic nationalism which shows no sign of abating with the rise of the Common Market. Ford, for example, might have liked to have concentrated some of its car assembly to a greater degree—the Escort is made at Halewood and Saarlouis, the Cortina/Taunus at Dagenham and Genk, the Capri at Halewood and Cologne, and the Consul/Granada at Dagenham and Cologne. But at the same time, while giving due consideration to national feelings, Ford has the advantage that where assembly is split, it has still been able to build factories with sufficiently high volumes to keep costs down.

One vital element here, of course, is having the market to absorb the volume of cars produced. For Chrysler this is particularly pertinent. One of its problems in the last decade has been an inability to hold onto the size of market that would generate an economic scale of production at its diffe ent plants. The Imp, for example, was never a sufficient success to be produced in the volume for which the Linwood plant was planned, and therefore it has never made much money. This relationship between the market and production capacity is spotlighted by the Think Tank report, which suggests forcefully that the expansion of Chrysler (to Linwood), and Vauxhall (to Ellesme e Port), without a consequent rise in sales, have been factors in their long-term lack of profits.

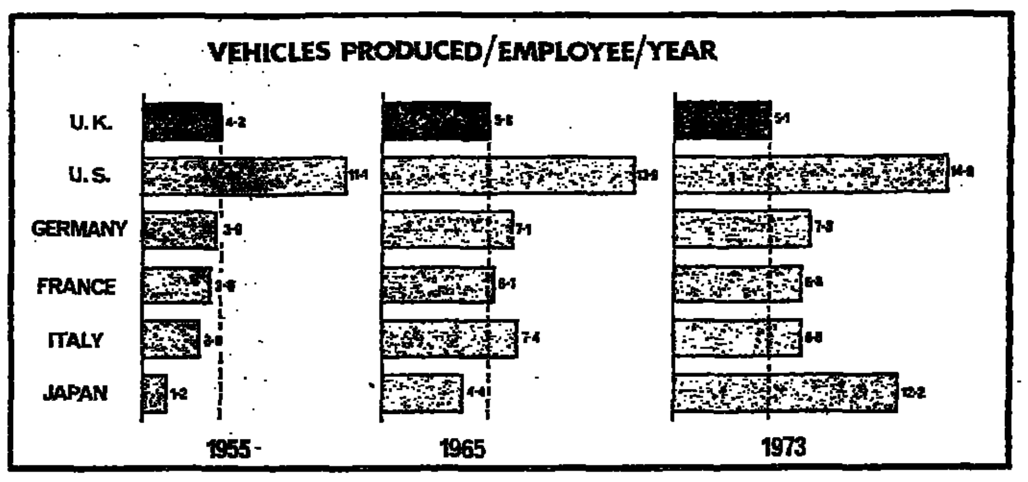
The Think Tank also makes considerable play with the general issue of overcapacity in the U.K. It estimates that, to create a viable industry, Britain needs to lose the capacity involved in making 400,000 cars. It also suggests that the British car industry ought to cut out three assembly plants to leave not more than ten. The argument on this point comes back to the economies of scale in assembly operations: the Think Tank says that three-quarters of the Continental plants it looked at met the basic criterion of a minimum size of 200.000 units a year; this compared with less than a third of the assembly plants in Britain.

The uncanny thing about this is how neatly the abandonment of Chrysler would have fitted the Think Tank's argument. Chrysler U.K. has a capacity of about 300,000 cars a year, and two assembly plants: if it had not been shored up, and if Chrysler Corporation had gone ahead and pulled out, the British industry would have gone a long way towards what many regard as a necessary contraction.

Jobs will be lost

In his statement yesterday, Mr. Varley made it clear that there will be a considerable cut-back: about 8,000 jobs will be lost, and Ryton will presumably lose capacity as the Avenger is transferred to Linwood to be replaced by the Alpine. But the two assembly plants will remain, one at Linwood and the other at Ryton, and they will continue to take their engines from yet another plant at Stoke. In effect the Chrysler solution will not tackle the problems of the heavy overhead costs which the Think Tank identifies as a consequence of running too many plants.

Chrysler might argue that viability depends much more on the way in which it manages to integrate the British plants with its Simca production: Simca is said to be needing more capacity for its Alpine (the 1307-1308 in France), which has been selling well on the Continent. What the British company's output targets are is still not clear, but it is difficult to see its assembly plants reaching the kind of output levels which the Think Tank regards as necessary, since that would give Chrysler U.K. an annual production of 400,000 cars, some 150,000 more than it is likely to produce this year. And if did reach that level of output it is even more difficult to see where it would sell all the cars.



OVERMANNING IN THE U.K. CAR INDUSTRY

Operation	Number employed per shift	Competitive manning level	% overmanning
Trim, final assembly and engine dress[1]	940	665	41
Plant maintenance employees[2]	900-1,200	550-650	69-78
Wet deck sanding of car body before painting[3]	18	12	50

[1] Comparison between plants in the U.K. and on the Continent. Direct and indirect manning at capacity for identical models with identical equipment.
[2] Comparisons between plants in the U.K. and on the Continent of similar size, production equipment and capacity.
[3] Comparison between actual number employed and standard calculated by industrial engineers.

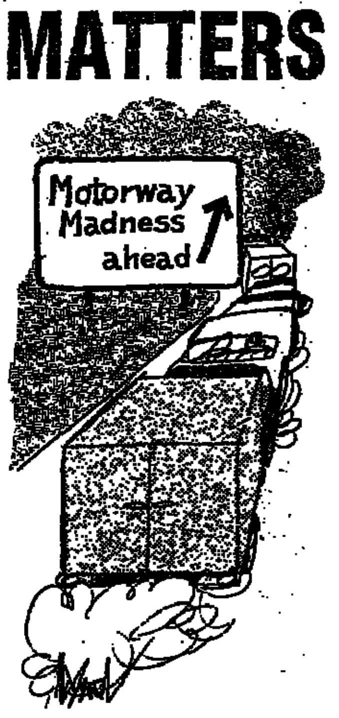
MEN AND MATTERS

Scientific kick at goal

I see that science has been taking a look at league football and has come up with suggestions where new clubs might profitably be formed, and how old ones might increase their gates. The science is "operational research," a U.K. management invention that came into its own in the second world war through association with such names as Lord Mountbatten. In this month's issue of *Operational Research Quarterly* one of its doyens, Prof. Patrick Rivett of Sussex University, sketches a scientific model of league football.

He's a bit scathing about the grand picture presented—total annual attendances of about 25m. ("only about one-quarter of annual church attendances") and low admission charges mean that the average nicome from attendances is about £150,000 (similar to a modest grocery store). Mostly it consists of fairly small businesses attracting attention out of all proportion to turnover, he says. "Some, but not all, of its management seems appropriate to this low level of turnover." If so, the directors may not find the next ten pages of his analysis very rewarding, while he weaves their woes into a mathematical model. But if they skip the argument and take a peek at his three conclusions, they will learn that the best place to locate a new club is Crawley (estimated average gate of 9,000) or south-west Kent (6,000); and that there should be a return to regionalisation of the Third and Fourth Divisions and an overall four-up, four-down system of promotion and relegation.

Finally, Rivett urges clubs to do some long-term planning—to



foresake prime city sites already deserted by the local population and plan new ones, perhaps shared, equipped with travel facilities and other popular amenities. How about brighter football for starters?

Card award

There is a diversity in approach to Christmas cards between the Prime Minister and the Leader of the Opposition. To most people at least Mrs. Thatcher is sending the standard House of Commons card—perhaps because from her point of view it is appropriate since it is a reproduction of a painting by Jan Griffier the elder depicting the great frost of 1683.

Harold Wilson has two cards. The one being more widely distributed is a picture of himself and Mary taken in the white drawing room at 10 Downing Street. For more restricted circulation is another family portrait, but that one including his eldest son Robert, his wife, and their two children, and taken in the garden at Chequers.

Politicians do not have the same freedom as advertising agencies and I like the card sent out by Aalders and Marchant. The drawing is obviously meant to depict the crypt at Bethlehem and two asses are standing by a manger—one of them with a mouthful of straw. The other is saying, "How can you *eat* with all *this* going on?"

Enter Ezra

Start a discussion on whether the skills of state and private industry management bear comparison and you've probably started a long argument. What seems undeniable is that the public sector's voice is being heard louder all the time, and from next October one of management's main representative bodies will break new ground by having a nationalised industry boss for chairman.

Sir Derek Ezra, the 56-year-old chairman of the National Coal Board, will succeed Sir Fred Catherwood as chairman of the British Institute of Management. Among its 13,000 member organisations, the BIM numbers all the principal State businesses (unlike the CBI, which is no longer graced with the presence of the Post Office).

The switch of chairman (traditionally a two-year job) is not the BIM's only face-changing for 1976. Roy Close, currently dean of Aston management school and a former industrial adviser at the *National Economic Development* Council when Catherwood was director-general, is due to become the director-general of BIM in April.

As for Ezra, a Coal Board man for 28 years, he at least can talk about profits: at the operating level, the NCB's were £33.8m. last year, with Government grants cut from £130m. to £68.2m.

Full of energy

It is doubtful whether MPs will be too happy about the announcement that Walter Marshall is getting a swift promotion from being the most junior member of the Board of the U.K. Atomic Energy Authority to being its deputy chairman. Only on Monday Anthony Wedgwood Benn was on the defensive in front of a select committee for giving Marshall too much to do.

The MP's complained that the Department of Energy is too short on scientific talent to allow Marshall to double as chief scientific adviser and director of Harwell, Europe's biggest energy research centre. Now Marshall gives up his job as director of Harwell, but remains Benn's chief scientific adviser, and refuses to sever his links with the research centre where he will retain an office.

He also retains his "special relationship" with his boss at the AEA, Sir John Hill, who is chief adviser to Benn on nuclear matters. Marshall is the top adviser on everything else relating to energy, so that he has the task of weaving his boss's advice into a co-ordinated long-term energy policy.

Good party?

From a staff circular giving details of the annual Christmas lunch. "Please ensure that you adhere to the staggering arrangements." Well, I *think* I know what they're getting at.

Observer

FINANCIAL TIMES SURVEY

Wednesday December 17 1975

JAPANESE BANKING and FINANCE

Recession has made a severe dent in Japan's economic might, and the authorities have been faced this year with the unfamiliar problem of coping with a serious shortfall in national revenue. For the banks and other financial institutions it is a testing time.

Bridging the money gap

By Peter Duminy, Tokyo Correspondent

THIS HAS been Japan's year for contending with a new sort of financial headache, a massive shortfall in most categories of revenue of all levels of government. The financial markets are, on a conservative estimate, having to yield up $25bn., equal to 10 per cent. of total loans by the private banking sector to bridge the gap between the public sector's tax income and its expenditure.

Next year the demands will be heavier, probably by at least a third, and it may be years before Japan's economy works the large annual borrowing requirement out of its system. In fact it is even possible that it will never do so — at least not to the extent of restoring the kind of budgets that have been the invariable rule over the past 25 years.

At this end of the year it is obvious that Japan was heading for a large budget deficit. But, as with so many Japanese happenings, the waves of unusual activity which have swept over the financial system have been orchestrated in such a way that few people have been aware of their full extent.

It was finally revealed (in the external balance sheet for 1974, unveiled last May) that Japan's short-term external liabilities had increased $12.7bn. to $36bn. in one year. The overall effect was to reverse Japan's net growth as a creditor nation, despite the continued growth of most categories of foreign assets.

There are, however, substantially different reasons for official circumspection this time. Last year it was mainly a commercial decision not to talk too much about the overseas borrowing requirement, since there was already a discriminatory "Japan" rate in world markets and it was eminently sensible to do nothing that would add still more to the interest cost. That situation is now less sensitive because, while borrowings are for the most part still being rolled over and the net outstanding debt remains at a high level, there has in fact been no further increase (and the Japan rate has largely disappeared.)

Rather unexpectedly, the external situation has recently been marked by the yen approaching its Smithsonian parity of Y308 to the $ more closely than at any time since 1973. This weakness is despite the fact that the original balance of payments targets for 1975-76—a current account deficit of $1.7bn. and one of $3.9bn. after allowing for long-term capital movements—are well within sight. The first half of the fiscal year saw the current account only $336m. in the red, while the overall deficit, including short as well as long-term capital movements, was inly $1.4bn.

Unlimited

Nothing much has changed since then—at least not above the line which separates balance of payments figures from banking transactions. However, it is perhaps as well to remember that Japan now possesses almost unlimited opportunities to weaken the yen, should it choose to do so, by running down those same "below the line" bank borrowings that were run up so spectacularly last year. There are some indications of that happening in the $1.67bn. to $12.96bn. drop in the foreign exchange reserves these past four months—though it can be pointed out that this is virtually all reflected in changes visible above the line. There have been several suggestions that the yen's weakness *may persist for some* months—suggestions which, if believed; would be likely to discourage inward transfers for investment or other purposes.

Meanwhile domestic banking parlours are mainly preoccupied with domestic housekeeping problems, about which any remaining secrecy has little to do with commercial considerations. So, unlike the situation in the Eurodollar market, interest rates in Japan are invariably decided by the monetary authorities. That is very much the position at the present time, with tight control of markets extending all the way from call money to the very fringes of the equities market.

The reasons for discretion here are all too plainly social and political. For the fact of the matter is that deficit budgeting on a grand scale is not unheard of in Japan, but on the contrary is an exercise that stirs plenty of memories, mostly unpleasant.

Two apparently unconnected criticisms have in recent weeks been aired in the Diet (Parliament) and in public. One is that the procedure of deficit financing is liable to be wildly inflationary; the other, less obvious, is that it could be the forerunner of revived Japanese militarism.

Needless to say, these are two highly charged objections. They also belong together in Japanese folklore, for the sound reason that Japan's war effort up to 1945 was largely financed through the currency printing presses — a highly inflationary system which meant that the populace sacrificed their savings and a large part of their living standards.

Short of this nightmare, it is terrifying enough that Japan's postwar recovery was also funded in this way — with, initially, devastating consequences for what was left of the value of the currency. It will also, as everyone is dimly aware, be the method of restoration after Tokyo is once again largely destroyed by an earthquake.

In pure reason none of this applies to the present situation. The basis of Government strategy is not to amass public sector assets, but solely to compensate temporarily for what is believed to be a temporary lull in private sector expenditures. It is fully intended to phase out fiscal spending and the deficit as soon as private spending, incomes and taxes rebound.

Rip-roaring inflation would represent a serious policy failure, which could be politically costly to the Liberal Democratic Party Government. In the circumstances the latter would be most unlikely to give absolute priority to business recovery, and of course has no intention of putting its own spending plans in this category. The worst that can happen is that there will be miscalculation, leading to renewed inflation. Alternatively, if for any reason private investment outlays and/or consumer spending fail to recover fully, the result of a maintained high rate of government spending would be that Japan would rather more quickly than otherwise be transformed into something resembling a modern welfare state.

However, this is not the sort of stuff that can readily be spelled out. It is altogether safer for the Finance Minister to minimise the current deficit (by, for example, talking about bits of it at a time) and to mention next year's financial situation as little as possible.

A snag about this strategy, though, is that there are liable to be misunderstandings, such as have already risen in some reporting of the financial problems of Tokyo.

In fact there is no similarity between Tokyo's difficulties and those of New York, for the basic reason that public finance in Japan is so highly centralised that it is completely correct to think of the deficit in any compartment (such as a metropolitan government) as part of the deficit of the whole. This does not exclude successful pressures on local government to modify programmes unpopular with the central government. But it does effectively rule out anything in the nature of a Tokyo default.

Among other things, local government revenues automatically (or very nearly) rise and fall with those of the central government. This is because much local income is a fixed percentage of corporate and other taxes imposed and collected by the central government. There are local taxes (and rates), but these are closely controlled by the central government as well. For instance, Tokyo has a business tax, levied on corporate profits earned in the metropolitan area. But the central government decides which profits fall in this category and also interfered when Tokyo tried to raise the rate from 12 per cent. to 14 per cent. on large companies.

Tokyo's present financial problem (a revenue shortfall of anything up to $1.2bn. on a $10.75bn. total budget) is partly due to the fact that it has spending policies (for example, on wages and pensions) that the central government considers extravagant, but it is mainly due to the drop in corporate earnings to which it is geared as is the national revenue (if not more so). This alone probably makes its plight a national responsibility.

In addition, central and local government services are thoroughly intertwined. For example, local governments pay for the police, but the law enforcement service is operated on a countrywide scale. Moreover 26 per cent. of all local government funds are tied grants from the central administration (and must be spent as directed).

However, probably the most striking difference between Tokyo and New York is that when Tokyo has difficulty floating bonds to cover its deficit, the reason is not that it has exhausted its credit. The reason is first that the central government does not hesitate to put an absolute ceiling on Tokyo's bond flotations (which the Ministry of Finance says are likely to be $615m. this year, though metropolitan sources still talk hopefully of anything up to $695m.)—and secondly that it controls the rates at which Tokyo (and all other local governments, all public utilities and every other large corporate entity) is allowed to borrow.

This is where the market could be expected to come in—and does, but only up to a point.

Naturally, the authorities cannot sit back idly after fixing borrowing limits and issuing conditions for everybody, but then have to make sure that the funds are actually subscribed. The extraordinary feature of the current funding activity of Japan is not its size alone, but the fact that it is being accomplished in this controlled (and essentially non-market) fashion.

Some features of this phenomenon are worth noting. The public sector is apparently increasing its total borrowings by a full 48 per cent. in one year. Total long-term debt outstandings as at end-March were $34.3bn. of government bonds, $37.5bn. of public corporation stock and $19bn. of local government issues.

Borrowing

The central government has sought authority (not all as yet formally granted by the Diet) to issue $18.3bn. of new 10-year government bonds this fiscal year, the peak month so far having been November, when $3.27bn. was raised, $2.7bn. of it in the market (the rest being subscribed by the Trust Fund Bureau, which administers postal savings and other funds under official control.) Of the total, $10.6bn. is officially regarded as "normal," which, however, means nothing as far as the market is concerned, only that the money is supposed to be funnelled into capital projects which may or may not be ultimately self-financing.

Informal Ministry of Finance estimates put the combined borrowing requirement (authorised) of local authorities at around $17.7bn., of which $10.5bn. is described as

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Awkward pressures on home sector

JAPAN'S 13 "city banks"—the banks with nationwide branch networks—have been feeling the pressures of recession like the rest of Japanese industry and expect to go on doing so. Their profits declined moderately in September for the third successive six-month business term and are expected to fall further still in March, though there could be some recovery in the six months after that.

A decline in profits stretching over two whole years is something new for the city banks, which have seen their profits as well as their deposits expand rapidly over the years in line with Japan's rapid economic growth. Coupled with the fact that the banks are not popular with the general public these days (partly because they are thought to lend too much of their money to industry and not enough to individuals, and partly because they are vaguely equated with something sinister called the "power of big business") the bad business conditions of the past year are inducing some hard thinking about where city banks are to go in future and how they should seek to adjust their role in Japanese society.

The reasons for the profit decline of the last business term can be summarised without difficulty. The Bank of Japan started to reduce its discount rate in April, and by November had lowered the rate (in four successive steps) by two and a half points from 9 to 6.5 per cent. City bank lending rates declined in line with bank rate. The rates are in fact subject to ceilings set by the Ministry of Finance and the Bank of Japan, so the banks were obliged to cut their rates whether they wanted to or not. Deposit rates, however, remained static (also under Government guidance) for six months after the first cut in the discount rate. These were only finally reduced, by a margin of 1 per cent. for longer term deposits, at the beginning of last month.

The freeze on deposit rates applied during the summer, and the rather small cut eventually approved in November, was the result of understandable political pressures.

Bank deposit rates are already a good deal lower than the rate of increase in the cost of living, so that the vast majority of Japanese citizens who put their savings into bank deposits are getting a negative return on their money. The Government did not wish to make their rate still more negative at a time when static increases in real wages and a record unemployment rate were already oppressing the Japanese public. The banks thus had to take a cut in their profits—and may continue to have to accept narrower deposit-lending margins than they have been accustomed to.

Another burden on the banks this year—though not such a heavy one as some of their anguished reactions have implied—will be that of absorbing a large proportion of the "deficit-covering bonds" to be issued by the Government in order to close a budget deficit of record proportions. The city banks, together with the three long-term credit banks (Industrial Bank of Japan, Long Term Credit Bank of Japan and Nippon Fudosan Bank), have been allotted a 48.5 per cent. share of the Y5,500bn. Government bond issue scheduled for the current fiscal year.

PERCENTAGE SHARE OF TOTAL BANKING ASSETS

	March, 1975	March, 1966
City banks	29.1	33.8
Long-term credit banks	7.8	7.6
Local banks	19.4	19.5
Trust banks	11.7	9.7
Mutual loan and savings banks	8.9	9.0
Credit associations	11.3	9.2
Life insurance companies	7.4	6.6
Fire insurance companies	1.9	1.2
Central Agricultural Co-operative Association	2.5	3.4

Negative

A large part of this burden will be (or already has been) taken off their shoulders in the form of open-market operations by the Bank of Japan and a lowering of reserve requirements. However, the holding of Government bonds involves a cost for the city banks in the form of a negative margin between the rate at which they acquire and dispose of bonds. There is also a fear that the Government will have to make another, even larger, issue of deficit bonds next year and that it could be less easy to absorb.

The short-term worries of the city banks include another very major headache, and that is what to do about the chronically loss-making companies which figure among their clients and which, in the current economic situation, cannot be allowed to go bankrupt. Nursing these companies, which include a few major household names, through what remains of the recession will constitute one of the banks' main responsibilities over the next six months or so. Yet on a longer view it seems that the role of the banks as the main source of capital (and often also the main source of advice and guidance) for private industry may be tending to diminish.

The accompanying table shows that the total amount of funds deposited with city banks has been falling for the past ten years as more Government expenditure has been concentrated at the regional or municipal level in Japan and more deposits have gone into local banks and other small financial institutions. This trend will continue when the economy moves into its predicted moderate growth phase after the present recession and will be matched by another much newer development.

Japanese industry will need less capital for expansion during the moderate growth era. It will also want to get a smaller share of its total funds from banks than it has done hitherto because future rates of growth may not be enough to enable companies to carry the burden of borrowing most of their capital. A final factor tending to reduce the importance of bank lending to industry will be the recently introduced control which directly limits the lending any one bank may undertake to a single corporate borrower.

Any of these factors will take time to have its full effect. Banks and their clients have been given five years to conform to the individual lending ceilings (which will eventually prevent a bank from lending more than the equivalent of 20 per cent. of its capital and reserves to a single client.)

There are also some loopholes in the controls, such as the fact that a foreign subsidiary of a Japanese company (for example, the U.S. subsidiary of a trading company) can borrow from the overseas branch of a Japanese bank outside the 20 per cent. ceiling imposed on the parent company. But the lending ceilings, which are essentially a concession to anti-monopolistic public opinion and to what is now fairly standard practice in other countries, will eventually weaken the financial bonds between the banks and private industry.

Many people in Japan might say that the weakening of such bonds will come none too soon. The banks currently lend only 7 per cent. of their deposits to private individuals. But the requirement to shift some of their lending out of the corporate sector, which seems to be dictated both by the pressures of public opinion and by economic trends, provides a challenge which could affect the long-term profitability of banks. A greater stress on housing and other consumer loans is probably inevitable and desirable, but will alter the balance between long- and short-term lending, which at the moment has about 65 per cent. of city bank loans going into loans of less than one year.

Another avenue for th[e] expansion of city bank busine[ss] in the long run will be oversea[s]. Japanese city banks now deriv[e] on average, about 10 per cen[t] of their profits from oversea[s] business (compared with mo[re] than 50 per cent. for some maj[or] American banks). But develo[p]ment of overseas business ca[n]not be rushed, partly because [of] the time needed to acquire th[e] necessary know-how and part[ly] because the Bank of Japan an[d] the Ministry of Finance are to[o] cautious to allow headlo[ng] expansion of Japanese bank[s] abroad.

Most Japanese bankers a[re] convinced that rationalisati[on] and/or mergers will become i[n]creasingly necessary as th[e] banks move into the po[st] recession era. So far as co[m]puterisation is concerned th[e] scope is by now fairly limite[d] since Japanese banks ha[ve] carried computerisation of the[ir] deposit and transfer business [as] far as or further than any oth[er] banking industry in the worl[d].

The field in which scope f[or] rationalisation does exist (a[nd] is probably inevitable) is se[r]vice to the consumer. Th[e] official control of interest rate[s] which prevents banks competi[ng] for deposits by offering to p[ay] more for them forces the i[n]dustry into "service" compe[ti]tion. This includes such thin[gs] as dispatching bank staff [to] customers' homes to pick [up] small amounts of money, tel[e]phoning customers wh[en] deposits are made to the[ir] accounts and so on.

Mergers

The scope for mergers in th[e] Japanese banking industry [is] obvious from the figures. Apa[rt] from the 13 nationwide ci[ty] banks Japan has 63 local ban[ks] (most of them confining the[ir] operations and branch networ[ks] to a single one of Japan's [47] prefectures), seven trust bank[s], three long-term credit bank[s], 72 mutual loan and savin[gs] banks, 471 credit associatio[ns] and 495 credit co-operatives.

Pooling the financial resourc[es] of some of these bodies wou[ld] seem to be one way of creati[ng] a more viable banking indust[ry] (especially since some secto[rs] of the banking industry such [as] the local banks tend to be pe[r]manently oversupplied wi[th] funds while the city banks a[re] chronically short of cash). B[ut] the theoretical case for merge[rs] in any Japanese industry has [to] be seen in the context of t[he] situation on the ground—a[nd] in banking this is not very fa[v]ourable to rapid consolidati[on].

The big city banks are pr[ob]ably already too big to [be] merged with one another wi[th]out inviting public resentme[nt] against the supposed amassi[ng] of corporate power. The narr[ow] regional bases of the local ban[ks] on the other hand argue agai[nst] effective mergers unless Jap[an] carries out a reform of its p[re]fectural system resulting [in] fewer and larger units of lo[cal] government.

Charles Smi[th]

Far East Ed[itor]

Money gap

CONTINUED FROM PREVIOUS PAGE

"normal": probably nearly half of this will come from the Trust Fund Bureau, which is allowed to lend money to local governments as well as buy their bonds. This segment is not a direct burden on the market, obviously, but must nevertheless be counted as part of the overall funding exercise.

Public Corporations, which had issues of $8.5bn. last year are expected to repeat this scale of funding (most of the stock will be privately placed).

All this gives a combined total for the public sector's long-term requirement this year of $4bn. That is not only 48 per cent. of the cumulative sum outstanding, but is also to be seen against total demands on the long-term market (that is, including all corporate issues as well), of $33bn. in 1974-75.

Needless to say this situation has been on every banker's mind for the past few months, with each waiting to see how the burden would be spread. Of course, there may be a risk of over-dramatising some of the difficulties.

Crowding is not a problem, partly because private sector requirements are down this year, but also because there are plenty of ways in which the monetary authorities can increase the overall availability of funds (those already employed have included lowering of the banks' compulsory reserve requirements, operations of the Trust Fund Bureau already mentioned, and also purchases of securities from this agency by the Bank of Japan, effectively replenishing its resources).

There is also no immediate problem for foreign banks in Japan, because they are not expected to subscribe to the public debt or hold portfolios of prescribed stock.

The sort of difficulties that do arise relate in the first instance to yields. National bonds now come with an offered yield (recently reduced at the Government's behest) of 8.185 per cent. Local government bonds yield 8.613 on the same basis, with other public agencies sandwiched in between.

Trade-offs

No financial institution holds more of these than it has to, or for longer than it has to, because there are far more profitable ways of investing money, including acquisition of first-class securities in the secondary market. While this has always been the situation in Japan, and there has long been a system of compensating trade-offs, it is not always obvious that these will work in present conditions. For instance, most local governments are supported by local banks which in turn have the official business of the local communities concerned. Now the situation is that borrowings are so big that local banks cannot carry them unaided, but also, in view of the unattractive yields, cannot expect other financial institutions to rally round.

In another direction, the authorities have unleashed considerable pressure on the secondary market (in which there can be no changes in quoted prices not ultimately sanctioned by officialdom) in an effort to depress yields (that is, maintain prices) and keep securities moving along the line from issuers to primary subscribers (mainly the banks) and on to their usual secondary holders, without too much money being lost along the way.

Eager to win more business abroad

EVER EAGER to attract new business abroad and to enlarge their operations on a global basis, Japanese banks continue to press the authorities of the Ministry of Finance for permission to open new offices overseas. And despite a general policy of restraining such activities in light of the general international recession, the Finance Ministry has been allowing selective advances abroad on a more or less steady basis. This process can be expected to continue for at least another year or so.

As a recent case in point, two Japanese banks are now in the process of establishing an international commercial banking facility in Brussels in co-operation with a European financial group known as the "Europartners" and composed of four European banks. If all goes well with the arrangement, the Long-Term Credit Bank of Japan and Mitsui Bank will be tied up with France's Credit Lyonnais, West Germany's Commerz Bank, Italy's Banco di Roma, and Spain's Hispano-Americano.

In an unusual development, 50 per cent. of the capital of the new venture will be provided by Japan's Long-Term Credit Bank, 10 per cent. by the Mitsui Bank and 10 per cent. each by the four European banks. This will be the first time for a Japanese banking institution ever to enjoy majority holding in a joint enterprise in Europe.

The Japanese see the undertaking as making it extremely convenient for their banks to float loans in the European market. It will certainly enhance the current standing of Japanese banking operations in the region in the event.

JAPANESE BANKS ABROAD
(as at November 27, 1975)

	Branches	Subsidiaries	Representative Offices
U.S.	37	12	14
New York	17	3	5
California	15	7	—
Others	5	2	—
CANADA	—	—	8
CENTRAL & SOUTH AMERICA	3	4	14
Brazil	—	3	11
Others	3	1	3
EUROPE	37	6	20
U.K.	19	—	4
West Germany	12	—	8
France	1	—	2
Italy	1	—	—
Switzerland	—	2	1
Others	4	4	5
ASIA	24	—	27
Singapore	5	—	7
South Korea	4	—	1
Hong Kong	4	—	8
Others	11	—	11
OCEANIA	—	—	12
Others (Africa and Near/Middle East)	—	—	16
Total	101	22	111

Source: Ministry of Finance.

Another result of the latest move will clearly be increased pressure on Japan's banking institutions to seek additional concessions from the Finance Ministry. Tokyo's leading bankers for many months now have been contending that the country's exporters are increasing their business with markets outside the U.S.—especially in the European area and in the Middle East—and that this situation is rapidly changing the pattern of Japan's trade.

"As we see and evaluate such developments," commented one leading executive of a major Tokyo bank early in December, "it is now necessary to advance our presence not only in the financial centres of Europe but also in the Middle East as well." He suggested that the authorities in Japan should take this into account by relaxing somewhat the current restraints imposed on excessive movements overseas.

But to some extent it is easy to understand why the cautious authorities of the Ministry of Finance plan to maintain their controls over advances by the country's bankers in financial markets abroad.

In November it was disclosed that Japan's banks maintained 101 branch offices overseas, 111 representative offices and 22 subsidiaries. Although located mainly in Western Europe and North America, there are also a growing number of these facilities in Asia, Central and South America, Oceania, Africa and the Near and Middle East as well.

Admittedly, however, outside of the financial capitals of Western Europe and North America, most of the Japanese banking facilities in overseas areas are merely representative offices. This situation is bound to change to some degree as their operations increase in sophistication.

Persistent

The persistent gap that continues to separate the Japanese banking efforts in international markets from their more experienced foreign competitors is, in fact, one of sophistication. Yet this gap is closing at a fairly rapid rate. Differences in approach or even understanding which have tended to exist in recent years undoubtedly have been a prime source of tension, division and distrust.

In their usual way, the Japanese now are meeting these challenges and finding ways to soften criticism on both sides. The "Japan rate" spread which developed in 1974 when Japanese banks were borrowing Eurodollars, for example, is no longer resulting in premiums of 0.5 to 2 points.

Prime banking names in Japan which once had to pay such premiums, much to their embarrassment, now are being quoted about the same rates as any other big international banks. But lesser known Japanese banking institutions are known to be facing premiums of 1/8 or 1/16, still a form of discrimination in Tokyo eyes, yet something Japan's bankers can live with.

To a considerable degree, it was the Finance Ministry officials who took the matter in hand, warning the country's bankers to "cool operations" abroad where necessary. Undoubtedly, though, the situation improved largely as a result of the successful manner in which Japan's economy reacted to the oil crisis.

To-day few of the major Japanese banks are looked upon in overseas money markets as anything but excellent credit risks. This situation has removed limits to their borrowing powers and encouraged them to innovate in meeting the needs of their clients.

Significantly, Japanese banking operations overseas are earning unusually high profits in a period of global recession. Yet sharp profit falls are being registered by the nation's banks as a result of strictly domestic operations. The difference, of course, is the strict controls on interest charges maintained by the Government in Japan; but also playing a role in such matters is the business which stems from the activities of the huge multinationals.

To one degree or another, all of the major Japanese banks engaged in expanding their activities abroad are heavily involved in financing business connected with third country trading or investment. This tends to place a prop under their business in times of poor economic conditions and accelerates the tempo during normal periods.

There are some deviations to this general picture of well-being. Banking branches in regions outside Japan but not located either in Western Europe or Northern America have yet to receive authorisation by Finance Ministry officials to issue certificates of deposit (CDs). The single exception is Singapore branches. This situation, in fact, works to prevent the branches from raising funds at profitable rates and is proving a difficult competitive problem.

The feeling in Tokyo is that this situation is distorting the business profile of the branches by forcing them to borrow at relatively higher cost and limiting capacity to obtain funds on a short-term basis to some extent.

Syndicate

And although Japan's overseas bankers are handling increasing amounts of medium-term and long-term syndicate loans for governments other than their own, in addition to the ordinary activities of such banking facilities, they remain in some ways uncertain newcomers to the field of international money operations.

None the less, Japanese bankers are obviously intent on expanding their operations throughout the world, believing that in the long run such activities will prove to be extremely important and, an excellent point, clearly essential to the continued success of Japan's trade and economy.

Using the very latest Japanese projections for their banking community, it is evident that the fledgling advances will continue and that efforts to enlarge and consolidate international financing operations will pay off eventually by moving Japan into the ranks of the world's major capital exporters.

Other optimistic predictions going the rounds of Tokyo banking circles these days include one which claims that before 1980 it is most likely that the country's foreign investments will be launched upon a rapid expansion programme. A decade from now, according to these same forecasts, investments abroad will approach $95bn., or £47.5bn.

The anticipation in the Japanese capital is that, with Japan second in foreign investments following the U.S. and displacing Britain, the nation's banks will have every reason to expect to assume a leading role in global financing. But even the pessimists among the Japanese bankers, who tend to consider this rosy telescope view as wishful thinking, are willing to stand behind that same growth figure when the date of accomplishment is advanced to 1990.

A. E. Cullison

Fruitful year for foreign banks

THE 50 FOREIGN BANKS with branches in Japan represent an extremely diverse industry. They range in size from the American "Big Three" (Bank of America, First National City and Chase Manhattan, with assets in their Japanese branches ranging up to Y850bn. (£1.36bn.) to recent arrivals from developing countries whose assets are still well under Y10bn. The longest established foreign banks, the Hong Kong Bank Group and Algemene Bank of the Netherlands, have been in Japan since before the country officially opened its doors to the outside world in the Meiji restoration in 1868. The latest arrival is the Osaka branch of the Banque de l'Indo-Chine, which opened earlier this year.

All or nearly all of the foreign banks, except possibly a few of the smaller newcomers, are likely to look back on 1975 as one of their best business years in Japan. Japanese industry has been continuously short of funds and thus only too willing to borrow from foreign banks as a supplement to its normal flow of funds from the domestic banks.

For most of the year there has been a comfortable, and sometimes a generous margin on the cost of borrowing dollars and swapping them into yen on the one hand and the income obtainable from lending yen to Japanese borrowers on the other.

Foreign bankers in Tokyo are reticent about profit levels but the figures available suggest that a bank in or near the top ten (but not among the American top three) could have earned at least Y600m. (nearly £1m.) on its operations for the year ending last September. Next year is unlikely to be as good, partly because the cost of dollar-yen swapping operations has risen and is likely to remain high. But profits will probably still be enough to justify having a branch in Tokyo on the strength of current business results and not merely on the strength of having a stake in Japan's future.

THE TOP FIFTEEN FOREIGN BANKS IN TOKYO

	(Total assets Y bn.) March, 1975	Sept., 1974
Bank of America	821	813
First National City	745	828
Chase Manhattan	702	694
Morgan Guaranty	150	133
Continental	142	157
Manufacturers Hanover Trust	102	89
Algemene	92	80
Deutsche Uberseeische	84	66
Barclays International	76	65
Chemical	70	60
Korea Exchange	67	65
Hongkong and Shanghai	66	59
First National of Chicago	66	36
Dresdner	65	47
Chartered	62	52

The dollar-yen swap operation, which is strictly controlled through quotas set by the Bank of Japan, provides one of the basic sources of funds for foreign banks in Japan. But the quotas are allocated in such a way as to favour old-established (and, some people suspect, chiefly American) banks at the expense of more recent arrivals.

The total swap "quota," which is now in the region of $2.3bn. a year, is allocated on a seniority basis which gives each of the top American banks over $200m. each (the figure is a commonly accepted guess since the larger banks refuse to disclose their quotas) and the more recent arrivals from Europe or the developing world probably under $25m. each. Converting dollars into yen and relending the yen to Japanese customers can be a highly profitable operation when U.S. or Eurodollar interest rates are low, and Japanese rates are high and when the forward dollar (which the banks buy as a hedge) stands at a discount on the Tokyo foreign exchange market.

Six months ago, the cost of obtaining swapped yen was about 8.5 per cent. compared with a prime rate of around 13.4 per cent. when the funds were lent on to Japanese borrowers.

Weakening

The generous margin on swap operations has now almost completely closed, thanks to the weakening of the yen (which entails a premium for forward dollars) and the decline of interest rates inside Japan. A foreign banker estimated early in December that he was earning a margin of around 1.5 p cent. on his swap operatio Despite this narrow margin t dollar-yen swap will continue be an important source of fun for foreign banks in Tokyo a they will no doubt continue do their best to secure a larg share of the total. The quo was increased earlier th month, by some $300m., for t first time since August last ye

However, the uneven dist bution of the swap quota h meant that some banks re much more heavily than othe on this form of financing. Lor established banks on the Tok scene such as Algemene Bar Chartered and the Hong Ko Bank group are believed enjoy generous swap quo (although the actual figures a a jealously guarded secre Barclays International, on t other hand, arrived in Tok only three years ago and befo the recent increase was still the basic -18m. level so far its swap quota was concern

Barclays International a Deutsche Uberseeische, anoth fairly recent arrival among t top ten foreign banks whi also has a smallish swap quo have until recently been al to build up their yen lo operations by raising funds the local bill discount mark The foreign banks, howev have temporarily ceased to able to use the bill discou market because of the burd which has been placed on it the financing needs of lo banks which will shortly ha to start absorbing bud deficit-covering bonds to issued by the Japanese Gove ment. As an alternative sou of funds foreign banks ha been admitted to the c market where rates are c

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International loans

FOREIGN borrowing in the Tokyo capital market, which was resumed this summer after a suspension of nearly two years, is likely to be slowed down again, as Japan's balance of payments has deteriorated and the Japanese Government's own borrowings are increasing sharply. A plan for using more yen for Japan's foreign trade, which depends heavily upon dollar financing, will also have to wait until the foreign exchange reserve position improves.

Finance Ministry officials say that more than 20 foreign governments and international organisations are on a waiting list after Finland and New Zealand raised a Yen 10bn. bond each in July and October respectively this year. However, "it would be very difficult to approve another issue at this time, because the Japanese Government itself must borrow a great deal for its deficit financing."

Underwriter sources believe, however, that it would be impossible for Japan to close her capital market to foreign issuers again, when so many Japanese companies are actively floating bonds in overseas markets and expect to borrow even more in the future, as they are crowded out of the local bond market because of increasing public borrowings. They believe more foreign issues will be approved in the Tokyo capital market in 1976.

During the 1970-73 period, when huge amounts of dollars flowed into Japan to create large surplus liquidity, 13 yen bonds were floated by foreign issuers in Tokyo. They comprised six by the World Bank, three by the Asian Development Bank, and one each by Australia, the Province of Quebec (Canada), Mexico and Brazil.

The total value of the 13 issues reached Y164bn. The coupon rates ranged from 6.9 per cent. to 8.25 per cent., while issue prices were from par to 99¾. Yields to maturity ranged from 6.900 per cent to 8.333 per cent. Two bonds were for seven years, five for ten years, three for 11 years and another three for 15 years.

The first yen bond floated by a foreign issuer—the seven-year, 7.4 per cent. Y6bn. bond of the Asian Development Bank—was bought 80 per cent. by Japanese banks and 20 per cent. by individuals and corporations. Banks have constantly bought about one-third of the amount of each subsequent issue, while smaller financial institutions, such as credit associations, purchased about a quarter on the average. The remainder were mostly subscribed to by smaller investors, whose share reached a peak of 54.2 per cent. in the case of the Y20bn. sixth World Bank issue of 1973.

Opening of the Tokyo capital market to foreign issuers was considered to be a way of encouraging outflow of dollars from Japan at a time when the yen was steadily increasing its strength because of heavy dollar inflow. An urgent seven-point external economic programme, adopted by the Japanese Government in May, 1972, to avert a second revaluation of the yen, had a clause "to strive for smooth floatation of yen-denominated bonds by issuers of internationally established reputation such as international institutions and foreign governments."

Discourage

The Japanese Government also wanted to discourage foreign issuers from holding the yen as a reserve currency. For these reasons foreign issuers were asked by the Japanese Government to convert the yen proceeds of their bonds into dollars "as soon as possible," the only exception being the Y10bn. Australian Government bond of 1972, part of whose proceeds was allowed to say in yen for a while.

Another form of raising funds from Japan, which was actively used during this period, was the flotation of bonds through private placement. A total of 55 bonds worth $U.S.1.1bn. was issued in Japan in this way between May, 1972, and March, 1974. They comprised 42 U.S. dollar bonds, seven yen bonds, four mark bonds, one Canadian dollar bond, and one French franc bond. The issuers comprised three international institutions, six governments, nine government organs, three provincial governments or organisations, ten private financial institutions, and 24 corporations.

During about the same period, four foreign stocks worth U.S.$36.54bn. were sold in Japan through private placement, while 23 others were partly placed here. Fourteen foreign stocks were listed in the Tokyo Stock Exchange to facilitate Japanese investors trading in them, to seek publicity for their names, and to prepare for future raising of funds here.

The market was closed to foreign issuers, except for listing of shares which was only slowed down, towards the end of 1973, as Japan's balance of payments began to deteriorate following the oil crisis. It was cautiously reopened this year, as it became apparent that Japan had overcome her balance of payments crisis caused by a larger oil import bill. Mr. Taorichi Yoshida, Vice-Minister of Finance for International Affairs, said at the time foreign issuers would probably be permitted to float yen bonds in the Tokyo capital market at the rate of one issue a quarter.

But the first issuer, the Government of Finland, had to wait until market conditions improved relative to Western markets, where interest rates were substantially lower. The Y10bn. 12-year issue was floated in July with a coupon rate of 9.25 per cent. and issue price of 99 to yield 9.42 per cent. to subscribers on maturity. The second issuer was the Government of New Zealand, which floated a Y10bn. 12-year, 9 per cent. bond at 99½ in October to yield 9.087 per cent. Underwriter sources said the latter issue was not so successful, because it tried to anticipate a decline in interest rates here.

In the summer of 1974, when Japanese banks had difficulty in rolling over their short-term borrowings from the Eurodollar pool Vice-Minister Yoshida said Japan might be able to use more yen for its external trade instead of continuing to borrow dollars so heavily. (Total Japanese short-term borrowings dollars from U.S. banks a Eurodollar markets are e mated at more than $U.S.30b

During the first half of 19 it looked as though Japan w seriously planning to shift foreign trade finance, parti larly import finance, to yen creating a local market spe fically for this purpose with help of the Bank of Jap However, Mr. Yoshida said l summer that the Ministry l studied various plans for t purpose in the past y but none of them had b found practical for the time ing, although he still belie that 20 per cent. to 30 per c of Japan foreign trade sho be conducted in yen. (Nea all of Japanese imports about 85 per cent. of Japan exports are currently finan with dollars.)

Similarly, opening of Tokyo dollar call market to r resident banks, another form "internationalisation" for Japanese capital market, have to wait indefinitely. this respect, Tokyo still lags behind Singapore, where Asian dollar market is dev ing fast.

Saburo Matsuka

Company profits take a knock

THIS YEAR has been a disastrous one for Japanese company profits, probably the worst year that many companies can remember if the chaotic period immediately after World War II is excluded. Estimates of the extent of the disaster vary according to source—and to some extent according to the point of view of the estimator. But it is certain that one in three companies quoted on the first section of the Tokyo Stock Exchange will have reported a current loss (that is, a loss on operations plus the cost of financing) once all results are in for the six-month-business period ending last September.

The Bank of Japan, in a recently completed survey covering a wider range of companies (but still excluding many thousands of medium and small companies) found that 46 per cent. of those surveyed were in the red during the six months ending in September.

A comparison of the six-month period with the previous business term (ending last March) shows company profits down by 59 per cent., but the March business term itself showed an estimated 47 per cent. fall from the previous term ending in September, 1974 (Bank of Japan revised estimates), which was itself worse than the March, 1974, business term. To complete the deluge of depressing statistics loss-making companies quoted on the first section of the Tokyo Stock Exchange reported a combined total of Y278bn. losses for the six months ending September compared with the previous term's figures of Y115.7bn. Forty-two large or medium-sized Japanese companies have now accumulated losses greater than their capital.

The reasons for this year's bad results are easy enough to catalogue. Japan's economy actually shrank by just under 2 per cent. in the fiscal year ending March, 1975, and has shown only minimal growth since then. The result for most industries has been a steady sales decline and a low operating ratio.

Japanese companies are used to high growth, which means that most of them carry a relatively costly interest burden on their borrowed capital. They are also committed to the "life-time employment" system which mean that they cannot dismiss their workers when demand falls. Broadly speaking, industry has two ways of coping with the kind of situation it has faced this year—the first being to draw on reserves and the second to borrow still more money from the banks.

Most of Japan's deficit-ridden industries have been able to ride out the recession so far by using the first method. The steel industry, for example, which showed combined losses of more than Y50bn., during the six months ending September, was still able to show a profit at the earnings level (and to declare normal dividends) by drawing on tax free reserves accumulated in happier days, or by selling securities.

The degree to which companies can ride out the recession by drawing on reserves depends, however, partly on how big their reserves are, and partly on the marketability of assets such as securities or land. The further big sales of securities by the steel industry which are anticipated during the current six month business term could have a depressing effect on stock prices. The same sort of effect has already become apparent in the real estate market.

BIGGEST GAINERS AND LOSERS

(September, 1975, business term—Ybn.)

	Results for six months to Sept. 30	Results for six months to March 31	% increase
GAINERS			
Automobiles	64.4	39.2	64.5
Electric power	116.6	88.4	31.9
Electric machinery and appliances	43.9	41.6	5.5
Non-ferrous metals and metal products	2.1	0.9	141.0
Fishing	1.9	0.2	1,067.0
LOSERS			
Iron and steel	−54.6	+137.2	
Oil products	−41.9	−33.2	
Textiles	−35.2	−32.7	
Chemicals	−17.0	+35.4	
Paper and pulp	−12.1	+1.8	

Figures are the net outcome of combined profits or losses of all companies within the industry which have quotations on the first section of the Tokyo Stock Exchange.

Source: Yamaichi Securities Company.

Rescue

Companies which have exhausted their reserves (even in some cases to the point of mortgaging office buildings) have resorted to the second "safety net" in the Japanese corporate finance system which is to beg for help from the banks. The help has usually been forthcoming when the company concerned already has a strong link with a single bank (or in some cases with two or three "main" banks). In some cases banks have had to mount "rescue operations" involving large infusions of extra money, special interest rates etc., to help major client companies from going under. But there have also been cases where help has been refused.

The collapse in August of the Kohjin Company with Y150bn. of debts was an instance where a group of major banks refused to undertake a rescue operation in the full knowledge that their action would mean the collapse of the company. Since Kohjin there have been many more bankruptcies. Indeed, the monthly bankruptcy rate in October and November was running at record post-war levels.

There have not, however, been any more "first-class" failures on the scale of Kohjin and the assumption is that there will not be.

The reason for this is that the Bank of Japan and the major city banks (and no doubt most other people involved in trying to sort out Japan's economic problems) have come to the conclusion that "rescue operations," even quite highly publicised ones, are for the time being preferable to large-scale business failures. Most major banks in Japan are believed to have at least two or three candidates for rescue among their clients. They can count on getting support and encouragement from the Bank of Japan if the situation of such companies becomes desperate.

The future trend of company profits (meaning in practice their trend during the current six months business term, ending next March) is likely to be better. This is because production is now rising gradually in most industries and because prices increases which were impossible to impose during the period of very deep recession are now being introduced gradually for a number of products.

But opinions on how much better profits will be tend to vary considerably. The Bank of Japan in a quarterly economic review published earlier this month estimated that net profits of major companies (that is, profits less losses overall) would show a 92.7 per cent. rise during the March, 1976, term over the September, 1975, level. Most private sources regard this as an optimistic figure. What is clear in any case is that profits will still be low by comparison with any normal year in pre-oil crisis Japan and that profit performance will be extremely uneven.

The steel industry, whose size normally gives it a very major impact on the overall profit level, is likely to do marginally worse in the March term than it did last September. But the deterioration will probably be very slight so that the industry's performance will be a neutral factor in influencing the overall swing in company profits.

Industries which have turned the corner and whose results should be significantly better next March include electrical goods, chemicals, food, and paper and pulp. Those which could continue to get worse include oil refineries, cement and non-ferrous metals. There are likely to be very significant differences, however, between companies within the same industry reflecting the different policies which companies followed in coping with the early stages of the recession and the degree of their dependence on bank credit and other factors.

The phenomenon of profit "polarisation" within an industry began to be noted in the September business term (for example in the electrical industr Hitachi almost doubled its profits in September while those of Toshiba were approximately halved). Many observers feel that gaps between the performance of individual companies will be an increasingly common phenomenon as Japanese industry pulls out of the post-oil crisis depression into the moderate growth period which is forecast for the remainder of the seventies.

Impact

The low level of company profits has had a direct and serious impact on Japan's national budget, because the Government's revenue from corporate taxation has fallen very sharply. Quarterly figures for tax receipts from business show that in the second quarter of 1974 revenue was still running no less than 59 per cent. higher than a year ago, but by January-March of 1975 the year-to-year rise was only 5 per cent., and by the third quarter of this year it was down by 45 per cent.

The huge budget deficit which has appeared as the result of the corporate tax shortfall will be bridged by a special issue of deficit-covering bonds for which the Government has been seeking legislative approval this autumn. Deficit-covering bonds are regarded, however, as a once-only solution to the deficit problem and will not be used again if the budget deficit repeats itself in 1976.

The consensus is that company profits will take some years to get back to the level of before the 1973 recession, and that the Government will have its work cut out to find some permanent means of filling the resulting gap in its finances.

Charles Smith

Fruitful

CONTINUED FROM PREVIOUS PAGE

...ally some 2 per cent. lower than on the bill discount market. A further source of yen financing comes in the form of deposits with foreign bank branches by Japanese city banks but this has tended to be of importance only to very recently established foreign bank branches or to those whose business operations outside Japan are of particular interest to Japanese banks. A case in point is Grindlays Bank, which runs a small but highly profitable operation in Tokyo based chiefly on Japanese bank deposits lent on at a handsome profit to Japanese industrial borrowers. Grindlays, which claims to have made a 21 per cent. profit after tax this year, evidently got special treatment from the Tokyo banking community because of its strong position in the Middle East.

A form of Japan business which does not involve yen lending is the so-called "impact loan" or general purpose foreign exchange loan to Japanese industrial borrowers. This returned to favour early last year after Japan's balance of payments started to feel the impact of higher oil prices. Impact loans, which tend to run for five years and are normally financed by rolled-over short-term borrowing on the Euro-dollar market, became popular in the early days of Japan's economic miracle when the country was chronically short of foreign exchange. They are popular again to-day with industries such as steel (or, in 1974, electric power) whose profits are under a temporary squeeze.

The impact loan business is subject to tight Bank of Japan controls, both an the monthly amount of guaranteed (by Japanese banks) and unguaranteed loans which can be inducted into the country and on the margin which the lending bank charge over and above the London inter-bank offer rate (LIBOR). Foreign banks, however, have ways of circumventing the Bank of Japan's controls on lending margins, usually by demanding compensating deposits from their customers. These have had the effect of making the impact loan business considerably more profitable than the Bank of Japan officially intends it to be.

When impact loans were resumed early in 1974 after a gap of several years the margin over the LIBOR rate was initially between one-half and three-quarters of a per cent. The margin rose to a maximum of 2 per cent. in late 1974 when funds were scarce and Japanese companies were particularly avid borrowers. It has now settled back in the region of 1¼ to 1½ per cent. for top quality borrowers.

The problem of assessing who is, or is not, a reliable borrower has been a major new headache for foreign bankers in Tokyo during the past year, although some foreign banks may feel that they should have worried more about creditworthiness in the past. One leading European bank branch in Tokyo had partially unsecured loans outstanding to Kohjin Company when it failed in August. Another had lent unsecured to Chori Company, but had succeeded in obtaining security before Chori became the object of a widely publicised and large-scale rescue operation in September.

The creditworthiness problem has tended to force bankers back on to the three basic principles in assessing their potential clients. They must either be very big, or they must be showing an operating profit, which 40 per cent. of Japanese companies failed to do in the six months ending September last, or they must be closely connected with one of the big commercial and financial groups (such as Mitsubishi, Mitsui, etc.). A good deal of attractive business has probably had to be turned down in the past few months by bankers who stuck to these principles, but those who did so no doubt suffered fewer sleepless nights when the monthly bankruptcy rate for Japanese companies broke its previous post-war record in October and November.

Surprising

Given the size of Japan's financial market and the profits which can sometimes be earned in it, it may be regarded as surprising that there are not more foreign banks, with more branches, in Tokyo and other major Japanese cities. The reason that the foreign bank presence in Japan remains relatively limited (although much bigger than five years ago) is that the Ministry of Finance continues to follow a restrictive policy towards the opening of foreign bank branches with strict though unadmitted adherence to the principle of reciprocity where there are controls in other countries.

Tokyo has no Australian or Canadian bank branches, although banks from both countries have applied to set up in Japan, because neither the Australian nor the Canadian Government will allow the establishment of foreign bank branches on their territory. All recently arrived foreign banks are restricted to a single branch in Japan, although the Ministry of Finance has recently raised eyebrows by allowing the Banque de l'Indochine, which has had a branch in Tokyo since the early 1950s, to open a second one in Osaka. There are cases of an insistence on one-to-one reciprocity between Japan and a foreign country such as the current instance where Japan is refusing to allow Credit Suisse to open a branch in Tokyo, because Switzerland has refused to admit more foreign banks (including Dai-Ichi Kangyo Bank) to open in Switzerland.

Japan's addiction to controls (not only on foreigners but on its own nationals) would seem to rule out the possibility of Tokyo gaining the stature as a financial centre that London now has, or that Hong Kong and Singapore aspire to. But the sheer size of Japan's economy will continue to make it a place where every major foreign bank feels that representation is obligatory.

Charles Smith

Strong savings flow

IN JAPAN the personal savings ratio to net income after tax has been increasing in spite of the two-digit year-to-year rise in consumer prices. This attitude on the part of depositors is entirely illogical when viewed against interest rates which are far lower than the rate of inflation. (For example, the rate for a one-year deposit is only 6.75 per cent.)

According to a survey made by the Prime Minister's Office, the average savings ratio (in this case, savings include everything except consumption—that is, deposits, cash in hand, repayment of borrowings, etc.) of all working class households reached 24.3 per cent. in 1974, compared with 22.5 per cent. in the previous year. The ratio this year is expected to keep to the same level as last year, as the ratios of wage bonus seasons (June-July and December) tend to be lower than a year before but those of other months have been relatively higher.

The savings ratio has been consistently rising for the past ten years from the 17.2 per cent. of 1965, except in 1971 when the ratio was a little lower than the preceding year. The Japanese have not changed their savings habit during the present *inflation-recession period: rather* has the habit been encouraged by the global recognition of shortages in energy and resources.

The Japanese are far and away the biggest savers in world terms. In second place are the West Germans with 12.2 per cent. in 1972. Why is this so? There are four main reasons for the high savings ratio of the Japanese.

First, the rise in wages has been so rapid that it outstripped consumption expenditures. In other words, people's habitual expenditures did not increase as much as their income did. In particular, the growth of twice-yearly wage bonus was rapid as companies were wise enough to put their profits into bonus payments, keeping salary levels relatively low. Most of the winter bonus, is saved, while the summer bonus tends to be spent on leisure and entertainment.

Secondly, there is a need for people to save because of the lack of welfare services. A questionnaire conducted last summer by the Saving Promotion Central Committee revealed some of the motivation behind saving. The predominant 83.2 per cent. of those questioned replied that they are saving against a rainy day and illness; 55.3 per cent. for children's education and weddings; 38.1 per cent. for their old age, and 30.2 per cent. for the purchase of land and homes.

So *if the welfare system* were fully equipped and they did not have to worry about illness or old age, the Japanese would probably not save as much as they do. In Japan, contributions to social welfare are considerably smaller compared with other developed nations.

For instance, the ratio of personal taxation and social welfare payments to total personal incomes was only 13.3 per cent. (in 1973) in Japan, while it was 20.2 per cent. (1972) in the U.K., 25 per cent. (1972) in West Germany, 32.2 per cent. (1972) in Sweden, and 20.7 per cent. (1972) in the U.S.

Thirdly, there is a tradition of thrift and saving in Japan. The Japanese are hard workers and in general live frugally. For a long time the Government compelled people to work hard to catch up with the more industrialised nations. The money saved was invested in plant and equipment and contributed tremendously to the rapid growth of the Japanese economy.

Lastly, depositors received *favourable tax treatment*. Personal deposits up to Y3m. are tax-free, and deposit interest is taxed separately from other incomes.

In addition to these factors, the current recession and the gloomy outlook for the economy have further promoted the saving habit in the minds of the Japanese. Even the lowering of the interest rates on main deposits by 1 per cent. from November 4 did not have much influence *on deposits*. What happened was not that depositors withdrew their money after the interest rate decline, but that they increased their deposits as much as possible before November 4.

As a result, the expected consumption recovery did not materialise. In past recession periods, revival of personal consumption has given a lead to recovery, but this time consumers are not loosening their purse strings. Though department stores are now crowded as normally at year-end periods, people are buying carefully.

An economist in a Government agency has concluded that such a saving attitude is not a temporary phenomenon any more, and so should be built into economic forecasts.

Though the Government expected some consumption recovery as a result of the reduction of deposit interest rates, it was not the main purpose of the reduction. That was to lower actual lending rates and to stimulate business activity, as without lowering deposit interest rates, lend rates did not decline.

The Government alw promotes saving, particul Post Office. Postal sav deposits amounted Y19,098bn. at the end of Ma last, far exceeding the depo of the world's largest ba Bank of America (ab $50bn.). This large total deposits is directed by Finance Ministry to hous construction, improvement environment, welfare, edu tion, finance for small inc tries, agriculture and fisher

Obliged

Other than these ordin savings, not a few comp employees are more or obliged to deposit part of th wages with the compa internal savings accounts. system, called "*shanai yok* is practised in about half all companies with more t 300 employees through Japan. These internal depo totalled Y2,682bn. at March l

The system was origin introduced as a measure compulsory transmission o portion of employees' sala to their parents. Thus, ployers tried to tie the emplo together with his *family* to company.

Later, the system was veloped as a welfare policy companies. Companies used pay far higher interest t bank rates on internal depo and lend funds for, say, ho building to an employee wh deposit had reached a cert amount. But when recess comes the system changes character and virtually fre part of employees' wa Depositors usually do not d money from the account, exc at retirement, marriage, housing, or some other spe occasion when they badly n cash, for fear of giving mana ment an unfavourable imp sion.

With a large part of income being thus directed both compulsory and volunt savings, cash in the pocket the individual Japanese is t much limited.

Atsuko Chi

Aid programme hits snags

JAPAN'S FOREIGN aid programme blossomed spectacularly during the early 1970s when the economy was growing at more than 10 per cent. a year (in real terms) and exports were bringing in a massive foreign exchange surplus. The total of private and official flows to developing countries in 1973 reached $5.8bn. which was well over double the level of the previous year and made Japan the second biggest source of funds for the developing world after the U.S.

Like many other things the aid programme took a beating after the 1973 oil shock: indeed the figure for total flows in fiscal year 1974 (ending on March 31 this year) fell almost back to where it had been two years earlier. This very simple picture of what has happened to Japanese aid in the past two years can, however, be misleading unless the various elements making it up are examined separately.

What actually happened last year was that the flow of "private" Japanese money (meaning trade credits and investment) fell off very sharply indeed, to less than one-third of its 1973 level, while Government aid of the type recognised by the OECD as "Official Development Assistance" registered a 10 per cent. increase. The Ministry of Foreign Affairs, which is the most actively involved of four major Japanese Government departments concerned with aid, hopes there will be another rise in official aid this year of the order of 10 or 12 per cent. (in nominal terms) which will mean that aid should just about maintain its admittedly modest share of the Gross National Product. Next year, when the GNP expands by an estimated 15 per cent. (again in nominal terms), the specialists at the Foreign Ministry are hoping for a marginally greater increase in the aid programme.

The fact that Japan's aid programme did not suffer total collapse in the aftermath of the *oil crisis can be put down to two* main factors. One is the "pipeline effect" which means that government loans to developing countries recorded as "aid disbursements" in a given year actually reflect decisions and commitments made two or three years earlier. There was a great increase in planning and initiation of new aid programmes from 1972 onwards much of which is bearing fruit to-day. The second factor which has kept the programme *going* is Japan's fear of criticism by aid recipient countries and other donor countries.

Poorly

The Foreign Ministry is acutely aware of the fact that the terms on which Japan extends its aid, as measured by the grant element formula, used at the OECD's Development Aid Committee (DAC), compare rather poorly with those of other donors. Japan scored a 61 per cent. rating under the grant element formula last year compared with 90 per cent. for the U.S., 86 per cent. for the U.K. and 84 per cent. for West Germany. In order to improve its rating the Government needs to increase both the share of outright grants in total official aid (this actually fell sharply last year, because of the running out of some post-war reparation agreements) and to lower interest rates and lengthen repayment terms on official loans to developing countries.

None of this is particularly easy to achieve at a time when foreign exchange is in short supply and the domestic budget, out of which allocations have to be made to aid-giving agencies, is in chronic deficit. The quality of Japanese aid is, however, not the only problem or even possibly the most serious one. On a quantity basis Japanese official aid currently amounts to 0.25 per cent. of GNP which is far below the (admittedly idealistic) target of 0.7 per cent. set some years ago by the Pearson Commission and, more to the point, a good way below the average for all donor countries of 0.34 per cent. The Foreign Ministry has been campaigning recently for a set of guidelines which would bring Japanese aid closer to "average" international standards by the end of the decade. The Ministry of Finance, which has to approve the disbursement of aid funds, is against any long term commitments in aid policy.

The Foreign Ministry guidelines which were at one point to have been announced by Prime Minister Miki as a formal Japanese commitment at the Rambouillet summit, would call for Japanese official aid to reach the DAC average as a percentage of GNP by 1980, and to "approach" the DAC average in quality as measured by the "grant element" yardstick by the same date. There was a cabinet meeting before the Rambouillet summit at which Mr. Miki was told summarily by Finance Ministry officials that the time was not ripe for aid commitments. But the issue is not dead even though the Ministry of Finance is attempting to take the position that any increases in the allocation for foreign aid in the national budget must be balanced by cuts in Japan's domestic welfare spending.

One probable development over the next few years is the expansion of the soft-loan Japan International Co-operation Agency which set up shop in 1974 with loans carrying interest rates of 1 or 2 per cent. designed for the financing of long range infrastructure projects. The JICA, which is entirely financed through the national budget, is currently operating at only about 10 per cent. of the level of the other government sponsored overseas lending agency the Overseas Economic Co-operation Fund. The OECF, financed half-in-half by the budget and by postal savings funds, lends at rates starting from 3 per cent. and constitutes the main outlet for soft loans by the Japanese Government.

Although Japanese aid compares poorly with the efforts of most other developed countries it bears comparison well in one respect—the proportion of loans and grants extended to the poorest developing countries. Some 57.5 per cent. of Japan's official aid goes to countries with per capita incomes of $200 per year or less while 85 per cent. of the total goes to countries with per capita incomes below $375. Since about 62 per cent. of the population of aid receiving countries fall into the $200 or less per capita income bracket Japan's lending to the least developed nations is roughly in proportion to population, which is far from being the case with, say, the French foreign aid programme. Japan can thus afford *to relax when the subject of aid* to least developed countries is taken up at the OECD.

On all other topics concerned with aid the Japanese expect to be criticised both by other donor countries and by recipients. But the current posture of the Foreign Ministry on the face of such criticisms is less defensive than the outsider might expect. The Ministry feels, rather strongly to judge by the statements of some officials, that recipient countries must show more appreciation of the aid they are already getting if it is to argue their cause effectively with the Ministry of Finance. The same point is applied to the misuse (or non-use) of Japanese aid funds, of which the Ministry has a distressingly large number of examples on its files.

C. S.

U.K. merchant bank presence

.T THE end of this year, the umber of British merchant anks with representative offices ı Tokyo will drop from four to ıree, when Hambros puts up ıe shutters in favour of running its Japanese business from ondon and Hong Kong.

But this lowering of their ıllective profile should not be ısinterpreted as proof that, in eneral, the four have been ıffering lately. For despite the ndoubted difficulties of operatıg in what one merchant ınker here describes as a very restricted environment," ıbject to rigid control by the ınistry of Finance, the banks ıpear to have enjoyed a good ıar in 1975, and are not ımplaining.

Hambros itself has certainly ıt lost its interest in Japan. On e contrary it feels it is well ıough established in Japan to · able to expand its business rough visiting executives ıther than through formal presentation. Many other erchant banks have so far ken the same line. Senior ınagement staff from such ading houses as Rothschilds, arburgs, Hill Samuel and ırgan Grenfell are regularly ssing through Tokyo in empts to tap the enormous tential of the Japanese ırket.

The three which have taken ı plunge—and are staying— ı Kleinwort Benson, aroders and Baring Brothers. though their executives here ıd to be tight lipped about the tails—as befits heads of representative offices, which have no gal status in Japan — their ain activities fall into the ree categories of potrofolio vestment management, underıting of Japanese external nd issues, and ordinary comrcial banking business.

Mainstay

It is logical to deal with the st first, since it is clearly the ainstay of the banks operans. As far as direct lending to Japan is concerned, activity basically restricted to mpact" loans—medium-term eign currency loans backed borrowings in the Eurodollar rket, usually, but not always, aranteed by a major Japanese bank.

The Japanese banks have otas set by the Bank of Japan limit the amount of such ns they may guarantee for ir clients. But Japan's foreign hange controls were extenely liberalised last year to ılitate payment of Japan's reased oil bill—and the otas have remained at a high el ever since. According to Finance Ministry, impact ns made in the first ten nths of this year totalled m., compared to $2.2bn. in whole of last year. Simply ause of their limited balance et size, the merchant banks not hope to compete directly a large slice of this busis with the full branch offices the giant U.S. and European commercial banks. Merchant bankers' descriptions of their role range from "very small" to "negligible." But it is clearly not negligible in terms of the banks' own scale of operations.

Officially, the highest lending margin permitted on these loans is 1 per cent. above the London Interbank offered rate. But it is no secret that this rule is circumvented through the payment of "compensatory" reverse deposits to the lending bank, raising the effective interest on the loans.

Problems

This can create technical problems for banks with only representative offices in Japan, since they must take the deposits in foreign currency abroad. Japanese companies are not allowed to hold dollar accounts outside Japan, so the payments must be made by a bank on behalf of the company. And sometimes, the Bank of England's guidelines on capital-to-deposit ratios can make it difficult to take on more Interbank deposits—even if they are free. By comparison, the full branches of foreign banks here can take the deposits in yen, which they can lend out locally.

The Ministry of Finance is clearly unhappy about this flouting of its rules, but in the interest of enabling Japanese firms to obtain necessary financing, it has so far turned a blind eye. Late last year and early in 1975, effective margins stood as high as 2 per cent., and even more in the case of smaller borrowers.

Competition among Japanese firms for loans from foreign banks was fierce at that time, as they sought to diversify their sources of borrowing under prevailing tight money conditions at home. More recently, however demand has slackened, and impact loans have become a borrowers' market. One merchant banker said that margins have now become "fairly tight" at slightly over 1 per cent., although he felt they could widen again next year on increased loan demand as the pace of Japan's economic recovery quickened.

Apart from the induction of loans into Japan, the merchant banks obviously regard Tokyo as a highly important client base from which to set up trade financing and loan business with Japanese firms operating abroad. A loan may be made from the London head office of one of the banks, for example to a Japanese/Brazilian joint venture, and the actual deal signed in Sao Paulo. But the impetus may well have come from Tokyo.

All four of the merchant banks with offices in Tokyo at the moment have established links with leading Japanese banks. Hambros is tied up with Mitsui, Baring Brothers with Sanwa, and Kleinwort Benson with Fuji. Schroders has got together with Mitsubishi Trust and Banking, the two plan to set up a joint bank in Brussels, probably by around the middle of next year. Morgan Grenfell, without taking the step of opening up in Japan, has also formed a joint venture with Japanese banks called Tokai-Kywa-Morgan Grenfell Limited.

These links, of course, are vital in another main area of activity for the merchant bankers — bond underwriting. The Japanese banks mentioned, especially the first four, Mitsui, Sanwa, Fuji and Mitsubishi, are all key members of enormous industrial groupings in Japan, giving the merchant banks linked to them an inside track when it comes to managment of external bond issues for companies affiliated to the groupings.

The huge capital requirements of major Japanese companies cannot be met within Japan, even though credit curbs have gradually been lifted as inflation has been tamed. Since the end of 1973, when a ban of almost three years on foreign bond flotation was finally lifted, issues have climbed sharply. Last year, a total of 15 issues were completed for a total amount equivalent to $265m. The pace really began to be stepped up after November last year, when the Finance Ministry began to allow the proceeds from foreign bond issues to be converted into yen for domestic use. This year, according to the latest available figures, issues have soared to 61, with a total value equivalent to $1.55bn.

Of this last total, $260m. represented issues made in the U.S. of the remainder, $510m. was raised in dollar-denominated bonds in the Euro, Arab and Asian dollar markets. The balance, apart from one issue for Fls.50m. comprised Swiss franc and German mark issues, which totalled, in dollar terms, a remarkable $413m. and $344m. respectively.

The merchant banks' share in this bonanza has been predictably modest, given what Kleinwort Benson calls "exceedingly fierce" competition from the U.S. investment banks and the powerful Japanese securities houses.

Issues

Interestingly enough, the British merchant bank which has been most involved in Japanese external bond management this year is Warburgs, which has made four issues. Of the banks with representative offices, Kleinwort Benson and Schroders have made three each, and Baring Brothers two. Robert Fleming made two issues and Morgan Grenfell one. Rothschilds led the management of an issue in December last year for Nippon Fudosan Bank, but has not been involved this year.

While the merchant banks may benefit in the struggle for a slice of the action through their close connections with Japanese banks, the U.S. investment bankers have advantages of their own. Having got into the market at a fairly early stage after the war, they suffered from the closure of the external bond market for much of the 1960s, but waited patiently, and gained a lot of loyal friends in the process.

Nevertheless Kleinwort Benson, for example, sees the bond underwriting business as being on the up and up, and predicts that the future could lie with the banks which have established joint ventures with Japanese banks of the kind discussed above. Schroders says the merchant banks are certainly not at a disadvantage to the U.S. competition, and notes that there is already a "tremendously heavy" programme of 18 or 19 new Japanese issues already in the pipeline for the first quarter of next year. In their last main area of activity in Japan, portfolio investment, the merchant banks, like everyone else, are of course to a considerable extent at the mercy of the moods of the Tokyo Stock Exchange.

Favourable

This year, as the market has revived in response to inflation control and expectations of economic recovery, there have been few complaints. Kleinwort Benson's Japan fund reached an all-time high in late November. In general, the merchant banks' fund management is handled in London. However, the Hambro Pacific subsidiary in Hong Kong is organising a fund management operation and will assume a more direct role in Hambros' Japan operations. The market has grown dull of late, as the economic upturn has proved tantalisingly slow in coming. But according to most analyses, the prospects for the merchant banks do not oppear unfavourable, particularly since investment from Britain has been consistently higher than for other European countries or from the U.S.

Foreign investors were strong net buyers of Japanese stocks this year until net sales were recorded in August and September. In October there were again net purchases of $24m. The merchant banks' differing attitude on the necessity or otherwise of a representative office in Tokyo no doubt reflects their diverse operating characters.

The Hambros office, opened in 1973, was evidently of great benefit initially in surveying the potential of the Japanese market, but the bank now feels an office is no longer necessary for the kind of business it wants to develop.

Schroders feels it got along quite well without formal representation until the office was opened at the beginning of 1974. Since then, however, all sorts of new possibilities have been opened up, and the move has "paid off tremendously." Kleinwort feels it is necessary to have someone in Tokyo to cut through the Finance Ministry's red tape.

But whether resident or visiting, there seems certain to be an increasing number of merchant bank tape cutters in Tokyo in the future.

Simon Tait

The securities market

REIGNERS played a negative ı in Japanese securities mar(both bonds and equities) n around the middle of 1973 il the early part of last ter. Throughout this period y sold more securities each ıth that they bought, thereby tributing to the weakness of ırities markets (which ıld, however, have been weak way) and significantly inısing the outflow of foreign hange from Japan. From just ıre the end of last year, howr, the tide began to turn, in the bond market and r in equities and in early 5 there was a rapid flow of ıign funds back into anese securities.

The flow diminished again und mid-summer and by ımn foreigners were on bale withdrawing their money in. But most observers (both anese and foreign) feel that Japanese securities market continue to hold foreign rest during the next six to months, even if the amount money coming in is not as at as in the early months of 4.

The reason for foreign intors' change of heart towards Japan was that the country appeared, around the end of 1974, to be achieving greater success that most other developed oil-consuming countries in overcoming the balance of payments problems created by the 1973 oil crisis. The balance of payments (and subsequently also the yen exchange rate) looked strong from the last few months of 1974 at least until summer 1975, which meant that investments in Japanese securities offered a potential exchange benefit in terms of many other foreign currencies. Another factor in the situation was the tendency of Arab governments and other holders of oil dollars to broaden their investment outlook around the end of 1974.

FOREIGN PORTFOLIO INVESTMENT

1975	EQUITIES Purchases	Sales $m.	Net	BONDS Purchases	Sales $m.	Net
January	48.9	54.1	− 5.2	86.9	19.9	67.0
February	226.8	92.9	133.9	170.0	21.4	148.7
March	258.3	117.7	140.7	146.8	87.8	59.0
April	220.9	106.4	114.5	93.4	9.5	83.9
May	273.9	149.4	124.5	140.2	29.8	110.3
June	170.7	121.1	49.5	179.3	34.8	141.4
July	164.3	146.5	17.8	287.2	43.9	243.2
August	75.8	76.4	− 0.5	192.4	95.3	97.0
September	117.5	131.1	− 13.6	73.1	148.7	− 75.5
October	134.1	110.3	23.8	62.9	96.4	− 33.4

Arab investors were partly responsible for the net inflow of foreign money into Japanese bonds which began just before the end of 1974. Early this year there were one or two cases of major direct purchases of Japanese shares (mostly in the biggest and most widely known industrial companies) by certain Arab Governments. In addition the latter deposited money with London merchant banks, and the merchant banks then used port of those funds to buy Japanese securities.

Western Europe is cited as the origin of the overwhelming majority of the funds which have found their way into Japanese securities this year, with Hong Kong trailing well behind and the U.S. somewhat surprisingly, playing an even smaller role. Much of what is

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Wider role for trust banks

IN SOME respects the step-children of Japanese banking, notoriously unloved by investment analysts, and living examples of nearly every kind of Japanese compromise, the eight trust banks nevertheless have kept on growing faster than most other kinds of Japanese financial institution.

This year the trust banks command 11.7 per cent. of all funds in the private financial sector ($53bn. out of $520bn. a year ago), whereas in 1950 they held barely 3 per cent. of total funds of $4.5bn. Seven of the eight rank among the 100 biggest banks in the world.

Thirty years ago, more recently even, this would have seemed frankly impossible. Taking what might appear to have been all the relevant facts, the story ought almost to have been one of the hounding of this group of institutions out of existence.

The trust banks started up in the mid-1920s (the currently most profitable, Sumitomo Trust, recently celebrated its fiftieth birthday) as strictly *trust institutions handling other* people's money and engaging in underwriting and other capital market activity, but with really none of the characteristics of banks—not even the right to take deposits.

Severe wartime inflation made this operational structure increasingly unsafe. Thus came legislation in 1943 which merged all but the seven strongest trust banks into other banking operations, of which they became (and have remained) trust departments. The seven that were left were mainly offshoots of the powerful *Zaibatsu*, including—apart from Sumitomo—Mitsubishi, Mitsui and Yasuda.

Then the Americans arrived and decreed a number of things which affected the industry, including the break-up of the *Zaibatsu* and restriction of underwriting privileges to securities companies, thereby threatening not only the foundations of the trust banks but also their lateral supports. Meanwhile inflation raged on.

This combination of circumstances favoured the trust banks, then one too sturdy (in its first 20 years Sumitomo's funds had grown to only $2.9m.). Commercial logic may have dictated that they be summarily incorporated at that stage into the city banks which for the most part bear the same names. Bu this would have been direcly contrary to the policy of breaking up Japan's financial power. The solution hit on was to allow the trust banks to save themselves by going fully into the business of everyday banking.

This gave them a tremendous fresh lease of life. Sumitomo took its first banking deposits in 1948; four years later these funds accounted for 58 per cent. of total funds which had meanwhile grown to $65m.

Thorn

However, the trust banks problems were still not over. For now they were a thorn in the side of the established banks, and this was the period in which financial power was being reassembled with assistance from the Government and its agencies. The cry went up for a clearcut division between the money and capital markets and for the trust banks to be pushed back into the latter, from whence they had so recently come.

The final outcome was not so drastic, however. The solution arrived at in 1953 was that the trust banks would go slow in the banking sphere, but in return would be vested with a new instrument with which to attract funds in the capital market, the so-called loan trust.

The result is the present trust bank movement, the funds of which come 60 per cent. from loan trusts, about 15 per cent. from bank deposits and the remaining 25 per cent. from other trust instruments, including administration of pension funds. In tne case of Sumitomo, at end-September last it held $7.2bn. in loan trusts and $2.9bn. in deposits, out of total funds employed of $11.9bn.

"Going slow" in banking meant a number of things, such as that the trust institutions were to *stop chasing deposits* for all they were worth, and were also to be patient about any expansion of the range of their banking activities. Nevertheless, as the figures show, they have been able to get away with steady growth of their banking.

In addition, they were not expected to wait forever for official permission to innovate. In 1971 they were allowed to establish correspondent relationships with overseas banks and open their first representative offices abroad. The following year they were allowed to expand their foreign exchange activities considerably and in 1974 the first overseas branches were established (Sumitomo and Yasuda now have them in London, while Mitsubishi, Mitsui and Toyo have agencies in New York). These are full service branches, though the trust banks naturally emphasise their expertise in medium and long-term financing.

Meanwhile loan trusts show no sign of losing their pull in the competitive market for public's savings. From the p[illegible] of view of the man in the st[illegible] they consist essentially [illegible] certificates of deposit, gua[illegible]teed as to principal, matu[illegible] after two or five years (acc[illegible]ing to choice), but redeem[illegible] after one year in need, [illegible] available as collateral b[illegible] that.

At first sight it may [illegible] difficult to see what is so sp[illegible] about this. The secret is [illegible] loan trusts have always ca[illegible] a higher interest rate (decl[illegible] as dividends) than sa[illegible] deposits at the banks. At [illegible] same time the public has [illegible] no reason to think that [illegible] banks are any less safe [illegible] other financial institut[illegible]

Indeed, according to [illegible] Akira Noguchi, a mana[illegible] director of Sumitomo, [illegible] Japanese public sets stor[illegible] the guaranteed principal, [illegible]ably, he feels, because of [illegible] seated fears about the fina[illegible] consequences of a major e[illegible]quake on some other form [illegible] investment, especially equ[illegible]

Popular

There is no doubt it [illegible] popular instrument. Sumit[illegible] says that 99 per cent. of its [illegible] trust customers are indivi[illegible] and 72 per cent. of loan [illegible] funds have been provide[illegible] individuals. Per "family u[illegible] the average outstanding [illegible] $6,260. In respect of m[illegible] now held, the average con[illegible] entered into is only $950, in[illegible]tive of the spread achieve[illegible] assiduous marketing.

The success of loan trusts [illegible] no doubt a big reason for [illegible] establishment of a new [illegible] bank as recently as 1962. [illegible] was Chuo, which now has f[illegible] available of $3.6bn.

The biggest financial grou[illegible] trust banking is Mitsubishi, [illegible] through Mitsubishi T[illegible] (which has always had [illegible] largest base of operating fu[illegible] and was also the acknowle[illegible] profit leader until nosed ou[illegible] Sumitomo in the past [illegible] months), and also through [illegible] holdings in Nippon Trust, w[illegible] is generally regarded as be[illegible]ing in the Mitsubishi orbi[illegible]

All of these reported fu[illegible] growth of funds in the [illegible] months to end-September [illegible] but with profits squ[illegible] between lending rates [illegible] dropped more quickly [illegible] borrowing rates. This, and [illegible] unlucky investments in pro[illegible] in the past 18 months, ma[illegible] part of the reason why [illegible] securities industry does [illegible] seem to care much just no[illegible] trust bank stock. However [illegible] greater reason is perhaps [illegible] difficult to remedy; marke[illegible] the stock have always been [illegible]

One last example of [illegible] promise. Japan's eighth [illegible] bank is in fact a city [illegible] Daiwa, which is allowed [illegible] all classes of trust manage[illegible]

P.

Market

CONTINUED FROM PREVIOUS PAGE

officially classified as "European" money may have originated in the form of oil dollars, but European institutional investors, including pension funds and insurance companies, were also buying Japanese securities in early 1975. Another major source of investments were offshore funds specialising in Japanese stocks controlled by European banks and secuirties companies.

Apart from isolated but well-publicised Arab purchases of "heavyweight" Japanese stocks, such as Nippon Steel, foreign investors have made most of their money during the past year in an exceedingly narrow range of 20 or 30 stocks chosen for their conformity with a rather un-Japanese list of specifications. The companies concerned have been mainly small to medium in size rather than the industry leaders on which Japanese investors normally concentrate their attention. They share the common characteristics of a high unit share value (usually well over Y1,000 per share whereas Japanese shares are more *freouently denominated at Y100* or Y200 per share), a low ratio of borrowed capital to equity and a strong position in a high technology industry or an emerging consumer market.

The boom in foreign investment in this limited range of companies has increased the share prices of the affected companies to roughly double the levels of a year ago and has in some cases brought foreign capital stake up to the 25 per cent. maximum permitted under Japanese regulations. (The increase in the foreign shareholding to a higher percentage is not forbidden, at least in theory, but requires consent from the company itself.) Some investors feel that the boom in 1975 foreign "favourites" may have spent itself for the time being—especially as the recent weakness of the yen has withdrawn one underlying motive for getting into Japanese equities. However, the fact that some of the gloss has disappeared from one specialised sector of the market has to be balanced against more general considerations governing foreign investment in Japanese stocks.

Most foreign managers of Japanese investment funds seem to feel that 1976 will be a reasonably good year for the Tokyo stock market, if only because company profits will be improving again after four consecutive declines, while the extra liquidity generated by Government reflationary policies should be increasing the flow of funds into equities. There is also a general feeling that over the longer term Japan will come to get more than its present rather minimal share of the global funds available for overseas portfolio investment. Just how much of the world total Japan gets at present is unknown but it is certainly much less than the 12 to 13 per cent. of the world's gross national product which is represented by the Japanese economy.

U.S. investment in Japanese equities, which is at the moment very narrowly concentrated in a range of "household names" such as Sony and Matsushita, could provide the catalyst in building up big foreign holdings of a wide range of Japanese securities. One sign that the Americans are taking a stronger, though still largely academic, interest in Japanese securities is the establishment of full time "stock watching" units at the headquarters of three or four major American banks in Japan.

Another important factor determining the future trend of foreign investment in Japan will be the rate at which the Japanese stock market itself matures. In the past the Tokyo and Osaka stock markets have played a fairly marginal role in the financing of Japanese industry with the main emphasis being concentrated on bank loans which were in turn financed by the channelling into bank deposits of private savings. This system could tend to change in the years of "moderate" economic growth which are expected to follow Japan's present recession.

The change will be accelerated if the stock market continues to outperform bank deposits rates in the yield which it provides on individual savings. But the Tokyo stock market still has a long way to go before it can match the range and sophistication of major Western equities markets—and a long way to go before foreign investors are likely to feel as much at home in it as they do in the markets of London or New York.

C. S.

Christopher Lorenz examines yesterday's White Paper on computers and privacy

A program to protect us from the power of the computer


Mr. Paul Sieghart, the lawyer who played a major role in drafting the proposals

ESTERDAY'S White Paper on *imputers and Privacy* could ad to some of the most signifi- nt social legislation of the -entieth century, giving Bri- in, in the words of Mr. Paul eghart, the crusading lawyer 10 was called in by the Govern- ent a year ago to help revamp original proposals, "the ance to lead the world in this portant field."

For Britain could be the first untry *fully* to protect the citi- 's privacy in all computer stems, both in the public and ivate sectors, through a power- and expert Authority inde- ndent of everyone, including Government.

Several years

What makes the White Paper oposals potentially tougher n anything in force overseas *ncluding Sweden*, hitherto re- rded as having the most strin- it of the various laws on com- ters and privacy now being roduced around the world—is call for almost all levels of vernment to conform to ex- ly the same rules as the pri- e sector.

It will, of course, be several rs before legislation is in ce. In addition, many of tough proposals would have *be re-thought*—and *almost* vitably weakened—if the a Protection Committee, to set up within the next few eks, advises the Government establish an "Ombudsman" e of Authority—possessing y the power to investigate publish—rather than a nsing and regulatory thority with extensive ers of enforcement. Time after time the White Paper makes detailed proposals which would be difficult to put into effect except through a licensing Authority—which is just what the British Computer Society, *on behalf of the computer world*, has been advocating. However attractive it may be for civil servants to hope that they will not have to go to an independent licensing body for permission to establish each computer file, or to transfer information on such files from one Government department to another, the Ombudsman option mentioned in the White Paper *is inconsistent with its whole approach.*

Nevertheless, the fact that the White Paper is almost three years late in publication gives some *hint* of the battles which must already have gone on behind the Whitehall scenes. Whether the hardliners will continue to get their way during the coming months of debate remains to be seen.

The essence of the White Paper's approach is expressed in unusually straightforward terms for a statement of Government policy. "The time has come when those who use computers to handle personal information, however responsible they are, can no longer remain the sole judges of whether their own systems adequately safeguard privacy. The safeguards must become subject to independent scrutiny . . . ."

"How computers affect people's lives depends on how they are used—or abused," it continues. Their benefits are great: in the economy accuracy and speed with which information can be processed, in forecasting, and "in making public administration more responsive to the needs of the individual citizen and his family." But, "*like other powerful tools that man has devised*," the computer can do harm if misused.

The White Paper succinctly describes the three main sources of potential danger to privacy: (a) inaccurate, *incomplete or* irrelevant information; (b) the possibility of access to information by people who should not or need not have it; and (c) the use of information in a context or for a purpose other than that for which it was collected.

The best-known cases of invasion of individual privacy through the abuse of computers —or at least computer-based information—fall into category (b); expert cracking of computer codes to effect massive frauds, blackmailing with the help of sensitive information (of a whole community, in one notorious U.S. example), and so forth.

But (a) and (c) represent a far more widespread, if less noticeable, threat. In the private sector, the White Paper itself quotes the possibility of a computer file's saying that a bankruptcy petition was presented against a given individual on a certain day—perfectly accurate, but misleading if it did not add that the petition was dismissed with costs a fortnight later. There is a wealth of possible—and in the U.S. actual—examples of how an individual's creditworthiness can be destroyed by inaccurate or incomplete information on the file of a credit agency.

These are private sector examples, but "the most acute anxieties about the possible consequences for privacy of the computerisation of personal information lie in the public sector," in the words of the Younger Committee on Privacy, whose report in 1972 attracted worldwide attention and forms the basis of the White Paper proposals.

The references of both the Younger Committee and the White Paper to a *future* threat, rather than a current one, largely reflect the fact that, in spite of all the publicity, the use of computers is still in its infancy. The falling cost of computer logic and memory storage, the growth of networks containing a host of terminals in communication with at least one computer, along with other factors, are combining to spread computers and large-scale memory banks more widely than ever before: only 5 per cent. of the potential computer applications have yet been touched, in the view of senior industry executives.

One of the White Paper's most important proposals concerns the transfer of information from one computer file to another. It is here that there has been particular public concern about existing practice. Information from the controversial new vehicle registration centre at Swansea is already being transferred to the police computer in Hendon, for example. Harmless enough, perhaps to many people's minds, but the news in January that the Home Secretary was, in turn, to allow Customs and Excise to have access to the police computer prompted the British Computer Society to underline the need for Government action "to ensure that citizens' rights are not eroded."

The Report on public sector use of computers which accompanied yesterday's White Paper is rather vague on the extent to which computer files containing personal information are already being transferred between branches of Government. It identifies about 220 computer-based administrative "tasks" in central Government on people other than Government staff, and comments that "only a small proportion" is involved in transfers. Comparison of two of the Report's tables show, however, that the proportion is over 28 per cent., emphasising the value of the White Paper's inclusion of the public sector.

Legislation

The proposed legislation would involve two elements: the establishment of a "set of objectives," which could loosely be termed a code of standards (and which is itemised in the table); and the establishment of a permanent statutory agency "to oversee" the use of computers.

The Government sees at least two possible sorts of Data Protection Authority: a registration and licensing agency, able to prescribe safeguards, and to enforce compliance (as a condition of the grant and renewal of licences); or a body with the power to call for information on what systems are being operated by whom, how, and subject to what safeguards: to publish its own recommendations about those systems; to investigate complaints and to publish its findings — in other words an Ombudsman system.

With legislation maybe three years away, the Data Protection Committee will be established to advise the Government on the details. It is clear that the attitude of the Committee's six or seven members could be crucial in deciding the future shape of the law, though the eventual Bill is bound to be hotly debated in Parliament as well.

The only exceptions to all this are intended to be computer information systems kept "for the strict purposes of national security" (as decided by the Home Secretary), some of the police systems, and certain medical records.

One of the major issues which the Committee will have to decide is whether the Ombudsman system would be powerful enough to provide and ensure the myriad of safeguards mentioned in the White Paper: would it, for example, be able to provide the "scrutiny and *control*" (our italics) of the "linkage of data from different systems?" Would it fulfil the aim of keeping the cost of privacy controls to a minimum? It would have to be financed by the Treasury, whereas the user could finance the tougher licensing authority. Since the Government warns that "considerations of finance and manpower" must influence "the timing and content" of the entire measure, this could be a crucial factor if legislation on computer privacy is to be written onto the Statute Book by 1980, or even 1984.

THE COMPUTER CODE OF STANDARDS

● *Those responsible for holding personal information in computers must be under an obligation to take all reasonable protective measures to ensure that the information cannot fall into the wrong hands, whether by design, inadvertence or deliberate penetration.*

● *Those who hold personal information in computers should not conceal the scope of their operations—particularly from those to whom the information relates.*

● *The existence and purpose of such information systems should be publicly known, as well as the categories of data which they handle, what they do with data, and which interests have access to data.*

● *People asked to provide information should have a right to know for what purposes it will be used, and who is likely to have access to it.*

● *The information should not be used for a purpose other than one for which it was given or obtained without either the consent of the person whom it concerns, or some other authorised justification.*

● *Only personal information which is necessary for declared purposes should be collected.*

● *The operator of the system should be responsible for ensuring its accuracy and relevance, and the subject of the information should be able to satisfy himself about this, which in many cases will best be achieved by giving him the opportunity to see it, check it and, if necessary, have it corrected.*

● *The subject should also be able to find out what has been done with the information and and to whom it has been given. The information should be kept only for as long as it is needed.*

● *Safeguards are needed to ensure that statistics are presented in a way which does not reveal details of an identified or identifiable individual.*

● *Some of these objectives will apply to all systems, others may need modification in the light of particular circumstances.*

Letters to the Editor

Get production moving at BL

m The Chief Executive, ar Group.

ir,—The prospects for the tish motor industry are bleak eed and the whole community ids to lose much if the sent decline continues. The me for this situation has been at the door of under- estment, poor management, industrial relations, low luctivity, poor standards of ity, etc., etc.

ne sector of the industry ch has emerged relatively athed is the all important ng end—the retail motor e. Collectively the dealer *orks have always managed* ell the products of our fac- s—good or bad. In fact, of he millions of cars produced the past years I do not v of one which remains ld, current stock excluded. otrol *a medium sized group* British Leyland distributors I am constantly frustrated e shortage of new car stock. near enough to the problem now that if British Leyland produce the current range rs *in sufficient numbers* we greatly increase sales.

e British Leyland dealer ork is strong and well estab- d throughout the length and dth of the country, and I no doubt they could rise to *challenge of achieving* er levels of sales. I need ly add that their success bring confidence to the management team at sh Leyland, improve our try's balance of payments, provide full-time employ- for thousands of people.

we enter the critical early hs of 1976 it is of vital im- nce that British cars are able for immediate sale ghout the U.K. Of the problems that face the in- y none is more urgent than need to get the production moving and ensure ready ability of British cars in rs' showrooms. Failure to is will inevitably result in further contraction of our car producers.

rbutt.
Wakefield Road, lersfield.

apital for hrysler

Mr M. Minter.

—The Government's plans Chrysler typify all that is t about the attitude of post- administrations to the agement of the economy.

e protection of vested ests is to be put above mal industrial considera- . Public money is to be at the disposal of a particu- ompany (an American one his case), thus postponing doption of realistic policies regard to investment and ing.

ce again political considera- have triumphed over d commercial common . Brave words about curb- he growth of State spending not matched by deeds. The body of taxpayers will to bear the cost of appeas- intransigent union leaders disgruntled Scots who may h their votes to the nalists.

will be more difficult than to put across the message earnings depend on produc- . The impression grows that ent management and the ly to deliver the right goods e right price and the right count for less than the ly to flex muscles and and State hand-outs.

e only hope of escape lies in a radical re-appraisal of the role of government. Is it really the function of government to provide capital for industry in a free economy? Is it always wise to "save jobs" by propping-up declining industries rather than encouraging greater mobility of labour and capital? Should a government raise prices and restrict consumer choice through import controls designed to protect sectional interests?

Michael Minter,
Prospective Parliamentary Liberal Candidate for Lewisham East.
38, Great Thrift, Petts Wood, Kent.

Policy on motors

From Mr. J. Setford.

Sir,—What a pity it is that the qualities of singlemindedness, determination and courage displayed by the *police in dealing* with the recent sieges are not also displayed by the Government in dealing with our economic problems.

The abandonment of a declared policy for the motor-car industry in aiding Chrysler solely to buttress the Labour vote in Scotland is only one more example of the disastrous effects of the present pattern of party politics.

Evidence grows daily that we are bedevilled by the present two-party system and that the only sensible answer is Proportional Representation, reflecting the wishes of the population.

John Setford.
2, Oaken Coppice, Ashtead, Surrey.

Bahamas tourism

From the Minister of Tourism for the Bahamas.

Sir,—Nicki Kelly's tale of woe "Holidays Under a Bahamas Cloud" (December 3) could give your readers the wrong impression about the state of Bahamas tourism.

Such an impression is damaging not only to the Bahamas' efforts to promote tourism but to the nation because 77 per cent. of the country's gross domestic product is derived from tourism. No other country is quite so dependent on tourism. In fact, it is an over-dependence which the Government is endeavouring to correct by the encouragement of other industries.

In stating that visitor totals had "plunged" from the 1973 peak of 1.5m. Ms. Kelly does not make it clear that the expected total for 1975 of just under 1.4m. is in line with the world decline in international tourism *of around* 10 per cent. over the last two years. Europe has taken a far sharper drop but Bahamian experience has been about average. Certainly it does not justify the stinging barb in the caption of the Nassau *harbour photograph* accompanying the story saying: "At least the cruise ships still call."

We have felt the decline in U.S. visitor traffic more than most because of our dependence on tourism but we have been preparing *for this by a policy* of diversifying promotional efforts into Canada, U.K./Europe and other markets. U.K./Europe visitors will total about 55,000 this year—an increase of some 60 per cent. over the last three years. *Arrivals from the U.K.* for the first ten months of this year are up 27 per cent.—hardly a bad result in the circumstances.

Ms. Kelly also makes the point that Nassau has a low visitor return factor of about 20 per cent. There are a number of reasons for such a low figure however, prominent among them the fact that many Americans make their first-time international trip to the Bahamas and next time around they want to try fresh pastures and go some place else. But the return visitor figure for the Out Islands of the Bahamas is 80 per cent.—one of the highest in the world.

The article also mentions the prospect of the U.S. Congress prohibiting tax-free conventions outside the country and its "disastrous effect on the Bahamian economy and the Caribbean generally." Had Ms. Kelly consulted this Ministry we would gladly have told her that early fears about new tax measures seriously affecting U.S. *convention travel overseas* were allayed some weeks ago by strong lobbying of the Ways and Means Committee by a number of countries on the possibility of international reprisals. Less severe restrictions were included *in the legislation which has now* passed the House of Representatives.

While we recognise that we have problems in our tourism industry, we would not like your readers to gain the impression that it is "under a cloud" or "sick."

Clement T. Maynard, MP.
Bahamas Ministry of Tourism,
C/o 23 Old Bond Street, W.1.

Less beef in the diet

From Mr. D. Bloom.

Sir,—To judge from an oblique phrase in Mr. Bullen's article, "Less beef in the British diet next year" (December 11) the ban on *imports* from our traditional suppliers, which has been in force for 18 months, is likely to continue through 1976 (perhaps for ever?).

As the Meat and Livestock Commission expects an increase in our *exports* of beef to the Continent although we do not produce enough for our own needs, and the Commission are trying to end the deficiency pay*ment system (variable slaughter* premiums) on beef in the U.K., prices here are bound to rise very rapidly.

We all know that inflation is still the greatest threat to our economy, yet here we find policies deliberately aimed at stoking it. Isn't it time we opted out of the Common Agricultural Policy which is so clearly against our interests?

Derek Bloom.
47, Old Church Street, Chelsea, S.W.3.

Social trends

From Mr. H. Philpot.

Sir,—I find it difficult to explain why in this country the word class seems to be used more frequently than in most others, except possibly in those of the far Left.

Is there a correlation between emphasis on class and the degree of Left-wing activity in a nation? For example, recently in passing through Moscow International Airport, I picked up a pamphlet in English which used the *word class 30 times in* less than four pages, generally in conjunction with the word working.

In my experience there seems to be a much wider gap in most western countries between the *after tax income of the top 10* per cent. and the bottom 10 per cent. of their population than in the U.K., yet there does not seem to be the same preoccupation with class.

In the U.S. for example, the difference between the homes of the wealthy and the poor is, I would think, considerably greater than in this country—I understand that the U.S. adds one newcomer every day to its list of dollar millionaires. They still even admire a successful businessman! A morbid discussion on class seems to be absent—why?

If class is statistically largely a matter of incomes and resulting standard of living, then there will always be classes—I imagine there are in Russia. If there will always be classes then the real argument is how much difference should there be between the classes in standard of living etc.

I would suggest that the difference in after tax take home pay in this country between the head of the average business and the lowest 10 per cent. of his employees is narrower than in any of the western countries, most of whom seem to manage their affairs so much better than we do. With this lower after tax differential goes lower real increases in spending power when promotion and extra responsibility are achieved. So why bother?—particularly when the wealth earning section of the community is derided by many of those who depend upon it for their existence.

Because of the unhealthy obsession with class which breeds bitterness, envy and disunity, the ambitions of many are inhibited as success particularly in making wealth is frowned upon by those who cannot or will not put one brick upon another. Men will always differ in talents, health, ambition, background, ability to work hard and in luck. No government can alter this but surely to encourage class warfare is to risk the maximum deterrent to those who have a mind to improve the lot of themselves and, importantly, their families by working *harder and by venturing forth.*

Harold R. Philpot.
Mill Green House, Ingatestone, Essex.

Tidal power

From Mr R. T. Severn and Mr. T. L. Shaw.

Sir,—By their unqualified presentation of facts, the Energy Technology Support Unit has, in its recent report, damaged the case for tidal power.

Although capable of supplying only 4 per cent. of current energy demand, and therefore 2 per cent. of forecast requirement in the year 2000 AD, this bare *fact about the Severn Barrage* ignores the need to distinguish between quantity and quality in the supply of electricity. Quantity there must be to meet base load requirements, but in our thinking a premium is attached to that *electricity which can be* provided in a flexible manner so as to meet peaking requirements: such power, as would be produced by a barrage, has a higher quality than other power.

No electricity network can be without capacity to *match rapid* load variations. The 5-6 per cent. of total electrical demand in 2000 potentially available from the Severn Estuary must be viewed relative to its sufficiency and eminent suitability to meet daytime *load variations*. The high value attached to electricity generated for peaking purposes underlines how inappropriate it is to cost a barrage on the same basis as nuclear sources which are suited to base load output. Nuclear and barrage sources are complementary; 100 per cent nuclear is not the answer.

R. T. Severn, T. L. Shaw,
Department of Civil Engineering,
University of Bristol,
Bristol.

To-day's Events

GENERAL
Mr. Denis Healey, Chancellor of Exchequer, makes statement on import controls during Commons debate on employment.
Conference on International Economic Co-operation continues, Paris.
EEC Commission meets, Brussels.
Labour Party National Executive meets, London.
CBI Council meets, London.
Prince Turki ibn Abdel-Aziz, Saudi Arabian Deputy Defence Minister, arrives in London for talks with British Government.
Mrs. Shirley Williams, Prices Secretary, is guest speaker at War on Want "poverty lunch," Royal Commonwealth Society, WC2.
Mr. Kenneth Clarke, Conservative MP for Rushcliffe, presents Private Member's Bill in House of Commons which would implement certain recommendations of Erroll Committee on liquor licensing.
Forestry Commission annual report published.

PARLIAMENTARY BUSINESS
House of Commons: Debate on employment and measures for saving jobs. Motions on Hill Livestock (Compensatory Allowances) Regulations, Winter Keep (Scotland) (Revocation) Scheme, and Weights and Measures Act 1963 (Biscuits and Shortbread) Order.
House of Lords: Debates on timber; on Report of Horse Race Betting Levy Board; and on Report of Hydrographic Study Group in relation to economic needs in U.K. and developing countries.

OFFICIAL STATISTICS
Basic rates of wages and normal weekly hours (November).
Monthly index of average earnings (October).
Construction output (third quarter).

COMPANY RESULTS
BOC International (full year).
Compair (full year).
Lindustries (full year).
Redman Heenan International (full year).
Trafalgar House Investments (full year).
Unigate (half-year).

COMPANY MEETINGS
Bellair Cosmetics, Winsford, Cheshire, 11.30.
British Industries and General Investment Trust, 117, Old Broad Street, EC, 2.30.
Low (Wm.), Dundee, 12.
Sanderson Murray and Elder, Bradford, 12.15.
Southern India Tea Estates, Sevenoaks, 12.
Yorkshire and Lancashire Investment Trust, Manchester, 12.

SPORT
Soccer: Scotland v. Romania, Hampden Park, Glasgow.
Show jumping: International championships, Olympia.

COMPANY NEWS + COMMENT

LRC 30% ahead after six months

FROM A 12.2 per cent. improvement in turnover LRC International achieved a 29.9 per cent. expansion in pre-tax profits from £1.85m. to £2.4m. in the six months *to September 30, 1975.*

And chairman Sir Edward Howard says that it is hoped that in the full year recovery measures will allow a return to levels of profit and dividend approaching those of 1972-73—when profits totalled £5.24m.

The interim dividend in respect of the current year is raised from 0.85p to 1.05p net per 10p share. Last year's total was 2p from profits of £2.4m.

Sir Edward states that results for the six months reflect the extensive rationalisation implemented since the beginning of this year. With central controls now firmly established and others coming on stream—of which the most significant in the U.K. is the formation of a home sales and marketnig company, LR/Sanitas, which will handle protectives and housegloves and most of the range of Sanitas products—the group is reaping the benefits of creating a slimmer and healthier company.

	Half year 1975 £000	Half year 1974 £000	Year 1974-75 £000
Group sales	31,973	28,501	56,716
Trading profit	3,296	2,714	4,045
Interest	894	965	1,650
Profit before tax	2,402	1,849	2,395
Tax	1,212	831	1,682
Net profit	1,190	1,018	713
Minority profits	46	38	64
Extra-ord. credit	—	152	151
Attributable	1,144	1,132	800
Dividends	410	326	693

● comment

IF LRC can make £5m. pre-tax this year a restored dividend would be covered more than twice by earnings. The shares continued their run of strength yesterday rising 4½p to 44p (they were just 22p in July) but the group *could begin to need all of its forecast* 9.3 per cent. yield from now on. The profits recovery stems mostly from loss elimination with North America expected to make a small profit this year against losses of £1.1m. in 1973-74; and the medical side also being turned round. But contraceptives remain a problem area, and overall the group's volume trends are still depressing. The balance sheet remains heavily borrowed. And clearly LRC is going to have to work hard next year if it is to keep earnings moving even modestly forward.

INDEX TO COMPANY HIGHLIGHTS

PRU LIFTS ANNUITY RATES

By Eric Short

The Prudential Assurance Company has increased all its immediate annuity rates by an across the board £4 per annum for each £1,000 outlay, irrespective of the frequency of payment. For example under the new rates an investment of £10,000 will secure an annuity of £1,765 per annum for a man aged 65 or £1,539 per annum for a woman aged 60, the annuity being paid in half-yearly instalments.

Increase for British Car Auction

FIRST HALF (to November 30) profits of British Car Auction Group have risen from £402,500 to £507,700.

Chairman Mr. D. Wickens says the "steady but not sensational" recovery in business which was reflected in the May accounts has continued, despite the restriction in the flow of used vehicles coming on to the market because of the disappointing sales of new cars.

The first two auction sales of antique furniture and fine art by Aldridges have been successful. Further sales are planned throughout 1976, with the next two *scheduled in January at Somerton,* Somerset.

	Half year 1975 £	Half year 1974 £
Auction proceeds	30,345,000	27,078,000
Profit before tax	507,700	402,500
Taxation	264,000	209,300
Net profit	243,700	193,200
Extra-ord. credits	32,400	*65,500
Net balance	*276,100*	*127,700*

* Debit.

The current accounting period will run for 14 months to July 31, 1976. In April, the directors will consider an interim dividend. For the year ended May 31, 1975, profit was £736,000, and the dividend total 2.15p per 10p share—interim 0.65p.

● comment

Dull conditions within the new car market are bound to work their way back to second hand vehicles, and that is what has happened at British Car Auction where a 12 per cent. increase in auction turnover represents a very small increase in cars handled. On a relatively fixed overhead structure the inflation rate of used car prices is responsible for a 26 per cent. increase at the pre-tax level, and BCA is pinning some hopes on a relaxation of HP controls over motor vehicles to boost the used car market. But in the meantime BCA is tied fairly closely to the fortunes of the new car market. The shares ended unchanged at 43¼p yesterday where the yield of 7.6 is in line with the average for *motor distributors.*

Ward & Goldstone off midway

PROFITS OF Ward and Goldstone showed a marginal reduction from £852,678 to £830,250 in the six months ended September 30, 1975, on sales down by some £2.4m. at £17.69m.

The interim dividend is unchanged at 1.05p net per 25p share. The total for the year 1974-75 was 4.455p paid from profits of £2.36m.

	First half 1975-76	First half 1974-75
Sales	17,690,000	20,084,373
Depreciation	618,500	541,789
Profit*	830,250	852,678
Taxation	431,730	443,392
Net profit	398,520	409,286

* Includes transfer of £16,000 (same) from investment grants account.

The group makes insulated wires and cables, electrical and plastics accessories.

● comment

The half-year results of Ward and Goldstone show that the group's pre-tax profits have improved relative to sales—the profit decline being 2½ per cent. compared to turnover fall of 12 per cent. However, the improvement in profit margins is largely due to the fall in interest charges (the overdraft this year is under £2m. compared with perhaps £7m. this time last year) and the group clearly faces uncertainties with both the building and motor industries as major customers. But pre-tax profits for the year of the order of £2.5m. against £2.37m., look a reasonable assumption, which puts the *prospective p/e at 7½ times at* 80p and the current yield at 8.7 per cent. With institutions looking more for high yielding stocks with strong dividend cover, the price looks to be firmly based.

Investment Co. pays interim

Total income of The Investment Company came to £109,269 for the half-year to September 30, 1975 and profits were £67,078 before tax of £27,140.

The figures are not comparable with previous interim reports in view of the exchange of the company's controlling interest in The Shannon for shares and loan stock in Twinlock. Thus the company has reverted to being solely an investment company.

Total income for the six months to September, 1974 was £99,923, profits £66,184 and tax £21,860 for full year to March 1975 the figures were £236,446, £145,619, and £48,858 respectively.

During the half-year the adverse balance on profit and loss account has been eliminated and now shows a credit in excess of £100,000 members are told. This sum is expected to increase in *the full year.*

The directors believe that the reversion in status to an investment company only will have advantages in the long run, barring more disastrous economic conditions. With this in mind they are paying an interim dividend of 0.375p net per 25p share. Last year there was one dividend of 0.775p. Subject to continued progress this should be increased for the present year to "the maximum allowable."

Braham Millar progress

ON TURNOVER up from £2.11m. to £3.23m., the half year to September 30, 1975, at Braham Millar Group resulted in profits almost doubled from £168,617 to £333,193 subject to tax of £173,260 against £87,681.

Prospects for the current half year continue to be encouraging, say the directors, and on present outlook they expect second half profits to be broadly similar to those now reported. Profit for the last full year was £315,800.

The interim dividend is stepped up from 0.55p to 0.6p net per 10p share—last year's total was 1.52p.

First half export sales rose 177 per cent. and accounted for 55 per cent. of total turnover.

The company operates as mechanical engineers.

● comment

The upsurge in export sales which began in the second half last year has continued to boost Braham Millar's profits in 1975-1976, lifting the half-time pre-tax level by almost 100 per cent. on *a 53 per cent. gain in turnover.* The export increase which has largely come from the group's recent sales breakthrough in Arab countries has more than offset a noticeable decline in U.K. sales volume. Export demand remains strong and profits for the current six months look like being maintained. The liquidity position is as strong now as it was at the end of 1974-75 when net cash resources stood at £46,000. The shares at 30p, yielding a prospective 8.6 per cent., therefore have some attraction.

Statement Page 23

23% rise at W'hampton & Dudley

FROM A 33.7 per cent. improvement in sales taxable profit of Wolverhampton and Dudley Breweries expanded 23 per cent. from £3.43m. to £4.21m. for the year to September 30, 1975. At halfway the increase was from £1.79m. to £1.84m.

Yearly earnings per 25p share are up from 10.1p to 12.5p and *the dividend is raised from 4.375p* to 4.66885p with a final payment of 3.36885p net.

	1974-75 £000	1973-74 £000
Turnover exclud. VAT	26,496	19,915
Profit before tax	4,213	3,425
Tax	2,196	1,800
Net profit	2,017	1,625
Extra-ord. credits	255	131
Available	2,272	1,756
Dividends	754	700
To reserves	1,515	1,052

Sales increased on all sides of the business. The fine summer played a major part in this achievement and the free trade department is now making a "significant contribution to both sales and profit," states chairman Mr. E. J. Thompson. Capital expenditure on modernising and improving the group's pubs is also bringing in increased rewards by attracting new customers.

The major capital expansion programme is proceeding steadily, and the foundation stone of the new bottling hall was laid in May. Eight new pubs were opened during the year and a further 26 were extensively modernised.

Future capital requirements are well covered by existing borrowing facilities, states Mr. Thompson and the directors view the future with confidence.

● comment

Wolverhampton and Dudley has produced a bumper second half, *with pre-tax profits up to 45 per* cent. on a 39 per cent. sales gain, to leave full-year profits 23 per cent. ahead. Aside from the fine summer weather, a large price increase back in January has helped to push up margins in the second six months, but the *marked deterioration* seen in the first half has caused a 1.4 point drop to 15.9 per cent. overall. A policy of trading up in houses rather than products is still causing price control problems but a New Year price increase may, nevertheless, be in the offing. The group's balance sheet has had to absorb another year of high capital spending but from an extremely strong base. Unemployment in the West Midlands has as yet had no significant impact on sales and a p/e of 10 at 130p, where the yield is 5.7 per cent., is at the cheaper end of the brewery sector.

Terry Kirk.

Mr. Owen Aisher, chairman of Marley, with some of the company's building products. It was announced yesterday that group profits for 1974-75 had been held at £11¼m. following a recovery on the U.K. side.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Braham Millar ......int.	0.6	Feb. 21	0.55	—	1.52
Burton Group	2.81	—	2.94	4.29	4.42
Crane's Screw	0.39	Jan. 27	0.39	0.74	0.74
Danks Gowerton ...... int.	0.7	Jan. 13	0.7	—	1.95
Electric and General int.	*0.45*	*Feb. 2*	*0.45*	—	1
I. C. Gas ...... int.	3.12†	March 29	2.68	—(b)	6.73
Investment Company int.	0.38	Jan. 12	Nil	—	0.78
Keystone Investment	3	Feb. 12	2.75	4.25	4
LRC International ... int.	1.05	March 11	0.85	—	2
Marley	1.54	March 6	1.36	3.04	2.86
Montague L. Meyer ... int.	0.9	Jan. 28	0.9	—	1.91
Moorgate Invest. ...... int.	0.61	Jan. 19	0.61	—	2.03
Prop. Holding & Inv. int.	2	Jan. 23	1.75	—(a)	4.89
Stanhope General Inv. int.	0.85	Jan. 26	0.8	—	2.29
Tex Abrasives ...... int.	0.65	Feb. 3	0.65	—	2.71
Wace ...... int.	0.4	Jan. 22	0.4	—	0.96
Ward & Goldstone ... int.	1.05	Feb. 6	1.05	—	4.46
Warnford Invests. ... int.	1.66	May 11	1.26	—	3.96
Washington Inv. spec. int.	0.24	Feb. 2	—	—	0.85
Wheeler's Restaurants int.	1.57	Jan. 13	1.47	—	4.33
Wolverhampton & Dudley	3.37	Jan. 23	3.04	4.67	4.38

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Total 5.32p expected. (b) 7.98135p forecast.

Mid-term expansion at Danks

PRE-TAX profits of Danks Gowerton advanced from £346,756 to £382,190 in the six months to September 30, 1975, on turnover ahead from £4.29m. to £5.25m.

Earnings per 50p share are up from 4.392p to 4.841p and the interim dividend is held at 0.7p net. Last year's total was 1.95p *from profits of £811,072.*

After tax for the half-year of £198,739 (£180,313) the net balance emerges at £183,451 against £166,443.

The company's interests are in the processing of steel and the design and manufacture of boilers and plant, etc.

Boveri Kent to top £2.1m.

PROFITS OF Brown Boveri Kent in the year ending March 29, 1976, are expected to reach at least £2.13m., which would compare with £955,000 in 1974-75.

In the first six months an advance from £292,000 to £1.06m. is reported, on turnover up from £20.42m. to £23.93m.

Chairman, Mr. J. G. Vaughan, reports that order books—very strong at the beginning of the year—have remained very satisfactory overall. The value of total orders received exceeded turnover but, taking account of inflation and exchange rate changes, there was a modest decline in some sectors of the group.

Joint business opportunities with Brown Boveri—the parent company — have been explored, and orders worth nearly £1m. for Kent have been secured and a further £2m. has been bid and *remains in prospect.*

The chairman says that the improved margins should be maintained in the remainder of the year to give rise to pre-tax profits at least as good as those of the first half.

Discussions are continuing with a view to raising additional capital and a further announcement will be made in the near future.

No interim dividend is declared but it is hoped to recommend a modest final.

The chairman explains that interest charges were lower due to the injection of capital from Brown Boveri under the Scheme of Arrangement in December, 1974. The results reflect a high proportion of sales overseas, various measures taken to improve productivity, and the effect *of prices catching up with* inflation.

The planned relocation of the group's activities from two North London factories to a factory in St. Neots has now been successfully completed. It was decided to close the factory in Wythenshawe where a substantial loss of business had been suffered; the remaining production will be transferred to St. Neots.

All costs relating to measures to improve the group's efficiency and potential are written off against profit as the expense is incurred.

	Six months 1975 £000	Six months 1974 £000
Turnover	25,930	20,419
Trading profit	1,831	1,219
Interest charges	767	927
Profit before tax	1,064	292
Taxation	460	206
Net profit	604	86
Minorities	116	109
Exchange profit	357	*288
Off goodwill	250	—
Net profit	595	*311

* Loss.

Sharp drop at Crane's Screw

In the year ended July 31, 1975 turnover of Crane's Screw (Holdings) rose slightly from £3.77m. to £3.94m., but pre-tax profits dropped from £250,747 to £57,876 after £22,242, against £66,645, for the first half.

Attributable earnings are shown to be down from 4.93p to 1.34p per 10p share. The dividend total is held at 0.735p net with a final of 0.385p.

Tax takes £34,000 (£137,769), and a provision—for the estimated deficiency in the realisation of assets of caster and pressing operations—£23,731 leaving £145 against £112,978.

The realisation will result in a cash injection into the group of £266,000 over two years.

INTERIM STATEMENT

IMPERIAL CONTINENTAL GAS ASSOCIATION

Interim Statement

Consolidated Results (unaudited)	Half Year to 30.9.75 £'000	Half Year to 30.9.74 £'000	Full Year to 31.3.75 £'000
Turnover	37,123	28,312	78,941
Trading Profit	4,145	3,730	12,284
Depreciation	2,912	2,509	5,039
	1,233	1,221	7,245
Income from Investments	114	122	6,235
Interest (net)	(1,216)	(918)	(2,441)
Group Results before Taxation	131	425	11,039
Taxation	281	335	5,439
Group Results after Taxation	(150)	90	5,600
Minority Interests	31	21	149
Results attributable to ICGA	(181)	69	5,451

The consolidated results are those of the Association and its subsidiaries excluding its Belgian subsidiaries.

Belgian subsidiary companies are not consolidated in accordance with the dispensations granted by the Department of Trade.

Dividends

The Directors have declared an interim dividend for the year ending 31st March 1976 of 3.12p on the £39,066,644 ordinary capital stock as increased by the recent rights issue, costing £1,218,879 and payable on 29th March 1976, to stockholders on the register at the close of business on 20th February 1976. The interim dividend paid on 2nd April 1975 of 2.68p on £34,147,999 ordinary capital stock cost £915,166 net.

It remains the intention of the Directors, having Treasury consent, and in the absence of unforeseen circumstances, to recommend an increase of 20% in gross total dividends in respect of the year ending 31st March 1976.

Notes

The Directors cannot emphasise too strongly that the results shown for the half year provide no guidance concerning the probable results for the year.

Apart from income from General Investments, which is relatively insignificant, the Association's investment income is derived from dividends from Belgian companies all of which are booked in the second half of the financial year. Present indications are that the Group share of earnings of the Belgian subsidiary companies will be greater than for 1974/75 but that the Belgian Government's restrictions on Belgian companies' dividends in respect of 1975 might operate to restrict transfers of profit to the United Kingdom (in terms of Belgian Francs) to last year's levels.

Of the United Kingdom subsidiaries, although the Calor Group's turnover for the half year was 31% above that for the same period last year, trading profit increased by only 10%, due principally to lower profits in Ireland and continuing pressures on margins in the United Kingdom. Higher depreciation and financing costs again accentuated the normal seasonal first half trough, resulting in a higher net loss than last year. The LPG and transport businesses in the United Kingdom show reasonable growth at the half year and, given normal winter weather, this can be expected to continue. However, in the United States, trading results do not look promising since sales of Pro-Sil have been substantially below expectations. Therefore, unless winter conditions are severe, it is doubtful whether the Calor Group as a whole will show increased profit in the year ending 31st March 1976.

The Century Power & Light turnover increased by 19% with trading profits before depreciation and financial charges increasing by 25%.

The charge for taxation has been calculated at the provisional rate of 52%, but certain losses of overseas subsidiaries in the period do not give rise to a corresponding tax offset.

Progress has been made in the negotiations for the reorganisation of the electricity industry in Belgium, but, insofar as the merger involving Electrogaz is concerned, final agreement between the Boards of the companies involved has not yet been reached. The terms of the merger between Intercom and Intercom, as agreed by the Boards, were reported in the circular letter to stock-holders of 7th October 1975.

INTERIM STATEMENT

Montague L Meyer Limited
Interim Report
UNAUDITED GROUP RESULTS

	6 months ended 30th Sept. 1975 £'000	6 months ended 30th Sept. 1974 £'000	Year ended 31st Mar. 1975 £'000
TURNOVER	70,000	73,000	135,000
TRADING PROFIT	6,525	7,621	13,228
Depreciation	(913)	(787)	(1,685)
Interest Payable	(1,542)	(2,723)	(4,715)
	4,070	4,111	6,828
Share of Profits (less losses) of Associated Companies	—	—	191
PROFIT BEFORE TAX	4,070	4,111	7,019
Taxation	(1,930)	(2,301)	(3,592)
PROFIT AFTER TAX	2,140	1,810	3,427
Minority Interests	(154)	(163)	(300)
PROFIT AVAILABLE FOR APPROPRIATION	£1,986	£1,647	£3,127

In his statement issued with the last Annual Report in July, the Chairman indicated that results for the six months to 30th September 1975 should be in line with those of the second half of the previous year. In fact, the half year's figures show a substantial improvement due to increased turnover since the summer. Turnover and margins remain satisfactory and encouraging results are anticipated for the full year.

In accordance with the Group's usual practice, the results of associated companies are not included at the half year. Certain of these companies are making losses due to the prevailing economic conditions, but these losses are being more than compensated by the continuing improvement in the rest of the Group. The Company acquired 50% of the issued capital of Kelzer Venesta Limited on 9th May 1975 and the remaining 50% on 29th October 1975. No contribution has, therefore, been included for the half year, but five months' profits will be consolidated in the results for the full financial year.

The dividends on the Preference and Preferred Ordinary shares for the period absorb £5,000 (1974 £5,000). The Board has declared an interim dividend of 0.9p per share (1974 0.9p) on the Ordinary Share Capital, which will absorb £368,000 (1974 £368,000). The interim dividend will be paid on 28th January 1976 to holders on the register on 5th January 1976.

Villiers House, 41-47 Strand, London, WC2N 5JG.

ISSUE NEWS

Green's £1m. right at 57p each

Green's Economiser Group intends to raise £930,000 by way of a rights issue of one-for-four at 57p each, and *the shares rose* 5p to 82p yesterday on the news.

The reasons for the cash raising exercise are given as the acquisition of the Brotherton ammonia business and the application of up to £150,000 additional working capital for that business and capital expenditure of £1m., having all made heavy demands upon the company's cash flow. Further capital expenditure is expected to amount to over £600,000 during 1976.

The company is forecasting £1.8m. pre-tax profits for the current year, and the Board intends to recommend a final dividend of 2.8p to make a total of 3.855p net per share against 1.9786p per share in 1974.

Hill Samuel, in conjunction with Fielding Newson-Smith and Co., has made arrangements to place 390,000 of the new shares allotted to certain members of the Green family. Hill Samuel has agreed to underwrite the remainder of 1,096,661 new shares.

SHORT-TERM LOCAL LOANS

The coupon rate on this week's batch of local authority loans remains the same at 11¾ per cent., but the issue price is raised from £99½ to par. The bonds are due on December 22, 1976.

This week's issues are: South Staffordshire District Council (£½m.), Wirral Borough Council (£½m.), Chorley Borough Council (£½m.), City of Lincoln (£½m.), Cambridge City Council (£½m.), Cannock Chase District Council (£½m.), Highland Regional Council (£1m.), Borough of Hove (£½m.), Newbury District Council (£½m.), St. Albans District Council (£½m.), Borough of Tamworth (£½m.), City of York (£½m.), Fife Regional Council (£½m.), City of Chester (£½m.), Hereford Worcester County C (£1½m.), Woking Borough Council (£½m.), Borough of Ilyn (£½m.), Borough of Kn (£½m.), Bradford Metrop District Council (£½m.), Valley District Council (Amber Valley District C (£½m.), Llanelli Borough C (£150,000), City of Wal *Metropolitan District* C (£½m.), Kirklees Metrop Borough Council (£½m.), Borough Council (£450,000) don Borough of Newham (Lancashire County Council (Castle Morpeth District C (£½m.), Borough of Ea (£½m.), Borough of Rus (£1m.), Torbay Borough C (£½m.).

Adur District Council raised £½m., by the issue per cent. bonds due Ju 1977 at par.

CAPPER-NEILL

Capper-Neill's rights iss one-for-two at 32p each att acceptances of 92.9 per ce the issue. The balance of shares have been sold at 47 the bneﬁt of entitled shareh

J. F. FENNER

J. H. Fenner (Holdings) issue to raise £4.35m. on th of three-for-ten at 90p attracted applications for 9 cent. The remaining share been sold at a premium a proceeds. 118p per share, *distributed to entitled* holders.

BHS—91%

British Home Stores right to raise £15½m. on the ba one-for-eight at 285p has taken up as to 91 per cent balance has been sold at mium and the proceeds w distributed to entitled holders except that no pa will be made for less than

Duple slumps to £266,0

DESPITE A rise in turnover from £9.19m. to £9.6m., pre-tax profits of Duple International (formerly Cranleigh Group) slumped from *£772,000 to £266,000 in the year to* August 31, 1975.

At halfway, reporting a rise from £108,814 to £153,888, the directors said they expected satisfactory profits for the year, although somewhat lower than 1973-74.

Before extraordinary debits of £452,000 (£832,000) earnings are shown to be down from 1.17p to 0.26p per 5p share and again there is no dividend. The last payment was 0.75p net for 1972.73.

	1974-75 £000	1973-74 £000
Group turnover	*9,597*	*9,191*
Trading profit*	266	772
Tax	188	408
Minority loss	3	12
Extraordinary debits	452	832
Loss attributable	371	470

* Comprises: coachbuilding £711,000 (£672,000); engineering loss £78,000 (£337,000 profit): investment and financial profit £4,000 (£6,000 loss). Group administration took £82,000 (£69,000) and group finance £206,000 (£171,000). † Profit.

Extraordinary items were made up as to loss on sale of shares in Kitchen Queen £201,000 (nil), provision for other losses on realisations of investments and subsidiary companies £1 (£993,000), provision for f exchange loss on secured loan repayable in Swiss £81,000 (nil) and provisio deficiency in staff pension in subsidiary £69,000 (nil). year there was a surplus o version of loan stock of £1

Wheeler's Restaurants downturn

Turnover for the half ye September 30, 1975, of Wh *Restaurants increased* sl from £1.38m. to £1.57m., but slipped from £180,453 to £1 before tax of £81,000 com with £89,800. Minority int took £2,150 against £3,594.

The interim dividend is from 1.47p to 1.57p per 10p *Last year's total* was 4.33 from pre-tax profits of £30 The Board says it "wi tinue to strive to achieve th possible results in difficu cumstances." The compa mains close.

Burton off £1m. in second half

SECOND HALF profits of the Burton Group fell from £1.61m. to £553,000 leaving the total for the year ended August 30, 1975 down by £847,000 to £2.5m., on a turnover 15.6 per cent. ahead at £146.5m.

Earnings per 50p share are stated at 6.34p compared with [illegible].03p, before extraordinary items, and at 7.2p against 7.42p fully diluted. The final dividend is [illegible].90813p making a total of [illegible].28548p net compared with [illegible].41735p. This is equal to an unchanged gross total of 13.2 per cent.

The directors report that group sales in the first 14 weeks of the current year are 9 per cent. higher than the same period of 1974-75. This low level of increase reflects the depressed levels of consumer expenditure and "we are responding by further attacks on overhead costs."

	1974-75 £000	1973-74 £000
Turnover	146.494	126.726
Operating profit	5,645	6,181
Other profit	32	2,248
Interest	4,528	4,465
Profit props. sale	1,137	1,879
Pre-tax profit	2,503	3,350
Taxation	179	763
Net profit	2,324	2,587
Minorities	60	9
Extraordinary debit	673	—
Attributable	1,631	2,578
Interim dividend	541	541
Proposed final	1,929	1,077

An analysis of and operating profit is given below. It is arrived at after charging realistic rents for each property occupied in connection with each activity. Also following a reorganisation, credit income and all computer and systems costs are now distributed to each sector. The adjusted figures are how they would have been presented had these changes been applied.

	Operating profit 1974-75	*1973-74	†1973-74
Menswear, retail.	4,323	3,229	1,780
Menswear, loss ..	704	907	907
Womenswear	735	93	315
Off. & leis. loss	894	‡556	‡556
Overseas loss ...	171	573	573
Comp. income ...	3,056	3,763	5,010
Total	5,645	6,181	6,181

*Adjusted. †As per annual report. ‡Profit.

Commenting on the divisions the directors say that in menswear Burton maintained the volume of made-to-measure suit sales at the 1973-74 level after several years of decline.

The womenswear sector produced a major improvement over last year, despite a number of problem areas. The Top Shop chain achieved an impressive growth, with profits in the region of £1m. and continues to expand; Evans Outsizes remained stable and profitable with important growth in mail order; while Browns of Chester traded at a substantial loss and important management changes have been made.

The eight children's wear shops in Orange Hand, which made a loss for the year, are being closed.

In the office and leisure sectors Ryman showed a loss due to a dramatic drop in office furniture sales, especially in the second half. Steps have been taken to reshape Ryman's commercial policy and overhead cost structure but these will not bear fruit until 1976-77.

As regards property assets, MBPI has recently revalued its investment properties and these show a diminution of £3.9m. in value compared with the book amount of £29m. The directors do not consider that this diminution materially affects the value of the property assets of the group as a whole, which are in the balance-sheet at £118m.

Total borrowings increased by £8m. during the year. Stocks increased by £5.2m. and debtors by £5.3m.

Capital expenditure amounted to £9.1m., of which £3.9m. was invested in property assets (including MBPI). Shop modernisation and new shops accounted for £3.8m. and manufacturing modernisation and transport for £1.4m. Property sales produced £9.5m. in cash.

Banking facilities are available to meet forecast funding requirements for 1975-76 including special arrangements for the funding of the credit operation in menswear, members are told.

The directors say that the increased overseas loss is partly due to changes in exchange rates and partly to prior year write-offs. If these items are eliminated the real comparison is £471,000 loss (£573,000 loss).

As a result of the fall in value of sterling during the year compared with other major currencies, the group is providing for the unrealised exchange deficit arising on conversion of net overseas borrowings. This provision is shown as an extraordinary item.

Other profits comprise (£000's omitted)—debenture and Loan stock redemption profits £1,633 (£702)—offset mainly by closure and redundancy costs of £1,202 (£1,855) and reorganisation and development costs of £250 (£929). The closure and redundancy costs include provision of £400 (nil) against costs to be incurred in 1975-76.

See Lex

U.K. recovery brings Marley back to £11½m.

IN THE SECOND half of 1975-76 Marley has made up the ground lost in the first six months—when a reduction of some £1.5m. to £3.85m. was shown—and has ended the year to October 31 all square with profits of £11.47m. compared with £11.45m.

At the interim stage the directors explained that the results of some overseas companies had been severely affected by the depressed state of the building industry in Europe, and that the New Zealand offshoot had suffered from recession which had hit its export business. In the U.K., however, profits had held up well and should do better in the second half, they reported.

In the event, the second half recovery is entirely attributable to the U.K. busines which showed an advance from £4.24m. to £6.96m. There was a further reduction overseas—from £1.86m. to £0.66m.—and this side finished the year some £2.6m. down at £0.7m.

After taking account of a currency exchange profit of £80,000 (£343,000 loss) and a transfer to employees' pension fund of £384,000 (nil) the group profit, before tax, was £11.17m. compared with £11.1m.

At the net attributable level a reduction from £7.38m. to £5.87m. is shown in the year's group figures reflecting a disproportionate tax charge and heavier minorities. Represented per 25p share, earnings are stated to be down from 11.6p to 8.9p.

The dividend is the maximum permitted—up from 2.86242p to 3.0405p net, with a final of 1.54054p.

The relatively high tax charge is due principally to a lower level of capital allowances in the U.K. No credit has been taken for relief on stock appreciation—the amount that would be credited if it were taken is about £1.2m.

	1974-75 £000	1973-74 £000
Sales	150,696	133,426
Trading profit	13,538	12,931
Interest payable	2,310	1,734
Share of associates	232	249
Profit before tax:		
U.K.	10,768	8,152
Overseas	702	3,294
Total	11,470	11,446
Currency exg. profit	80	*343
To pension fund	384	—
Profit	11,166	11,103
U.K. tax	4,015	2,055
Overseas tax	726	1,480
Net profit:		
U.K.	6,369	6,097
Overseas	56	1,471
Total	6,425	7,568
Minorities	556	185
Attributable	5,869	7,383
Extraordinary debits	378	†202
Leaving	5,491	7,555

* Loss. † Credits.

See Lex

Advance at J & H B Jackson

AFTER JUMPING from £0.54m. to £0.85m. in the first half, pre-tax profits of iron, steel and non-ferrous merchants J. and H. B. Jackson finished the year to September 30, 1975, up from £1.31m. to £1.65m. Sales expanded from £10.43m. to £12.85m.

Profits were struck after interest of £59,881 compared with £42,551. The tax charge is down from £612,940 to £494,827 and a profit on the sale of property and investment adds £112,664 (loss £106,926).

The Board is not able to recommend a final dividend for the year as the maximum permitted has already been paid out in the form of first and second interims—0.46167p (0.4045125p) net per 5p share.

Results for the first two months of the current year have been "reasonably satisfactory" and the directors hope that the remainder of the year will continue in a like manner.

● comment

Incorporating second half growth of 5 per cent., J. and H. B. Jackson's pre-tax profits are ahead by over a quarter on slightly better margins of 12.9 per cent. The main drive has come from forgings, where demand for aircraft components (half of activity last year and getting bigger) has been at reasonable levels. General engineering is holding up well, although demand is patchy, but the merchanting side has suffered from falling volume and scrap prices. Capital spending has again been maintained at high levels and this seems to have been financed from the group's own resources. Whether the momentum in aircraft forgings can keep profits moving forward this year is open to question and a p/e of 5.6 at 21p, where the yield is a well-covered 5.1 per cent. is taking the cautious view.

M L Meyer tops midway forecast

AFTER a forecast of first-half results in line with the second half of 1974-75—when profits were £2.9m. — Montague L. Meyer reports a pre-tax surplus of £4.11m. for the six months to September 30, 1974, against £4.07m. in the previous first half.

The advance is due to an increase in turnover from £70m. to £73m. says the chairman, Mr. J. Meyer. Turnover and margins remain satisfactory and "encouraging results" are anticipated for the full year.

The interim dividend is held at 0.9p net per 25p share costing £368,000 (same). Last year's final payment was 1.00871p.

	Six months 1974 £000	1975 £000	Year 1974-75 £000
Turnover	73,000	70,000	135,000
Trading profit	7,621	6,526	13,228
Depreciation	787	913	1,685
Interest payable	2,723	1,542	*4,715
Share associates	—	—	191
Profit before tax	4,111	4,070	7,019
Tax	2,301	1,930	3,592
Net profit	1,810	2,140	3,427
Minorities	163	154	300
Available	1,647	1,986	3,127

In accordance with group practice, results of associates are not included at the half year. Certain companies are making losses due to the economic conditions, but these losses are being more than compensated by the continuing improvement in the rest of the group, members are told. The company acquired 50 per cent. of Keizer Venesta on May 9, 1975, and the remaining 50 per cent. on October 29. No contribution has been included for the half year, but five months'. profits will be consolidated in the results for the full year.

The group operates as timber merchants.

● comment

Although marginally lower, Montague L. Meyer's first half profits suggest that a recovery is underway. This appears to have occured mainly in the last two months of the period; since July, timber prices have risen by roughly 10 per cent. and there has also been evidence of an improvement in volume which must have something to do with the pick-up in new housing starts. The recovery is gaining pace in the current half and a pre-tax total of around £9½m. should be within reach for the full 12 months. Beyond that, the profits outlook remains bright, especially with Keizer Venesta expected to contribute at least £800,000 pre-tax next year. At 63p the shares are yielding a prospective 5.1 per cent. which is roughly in line with both Magnet Joinery and Southerns Evans.

Statement Page 22

Outlook at F. W. Thorpe

Mr. K. C. Brangwin, the chairman of lighting equipment manufacturers F. W. Thorpe tells members that if inflation can be controlled within reasonable limits, the company has the products to secure a fair share of a depressed market. However, he finds it difficult to forecast results.

An extension has been added to the factory and an adjacent factory purchased. Liquidity has improved enough for the company to finance this increase in capacity despite inflation, says Mr. Brangwin.

As reported on October 31, pre-tax profits jumped from £182,248 to £278,789 in the year to June 30, 1975, and the dividend is 1.19p (1.117p) net.

Turnover increased by 46 per cent. to £2.09m. with exports jumping by 124 per cent. to £347,937. Further new agents have been established in countries not previously covered and sales in these areas are "steadily rising."

Visits by the directors to the Far East, Australia, South Africa, and the Middle East are programmed for the coming financial year.

Chairman's statement Page 9

Warnford Investments

Turnover of Warnford Investments rose from £731,418 to £869,199 in the half-year to June 24, 1975 and revenue increased from £592,493 to £671,185 before tax of £351,826 against £296,228.

Earnings are shown to be up from 3.08p to 3.33p per 20p share and the interim dividend is lifted from 1.26p to 1.656p net—the maximum increase for the year. Last year's total was 3.96p paid from pre-tax revenue of £1.29m.

Mr. George Ross Goobey has been appointed a director.

I.C. Gas turns in £131,000 so far

FOR THE half year to September 30, 1975, pre-tax profit of Imperial Continental Gas Association declined from £425,000 to £131,000.

However, the directors state that they cannot emphasise too strongly that the results shown for the first half provide no guidance concerning the probable results for the full year. Last full year's profits totalled £11.04m.

They explain that apart from income from general investments, which is relatively insignificant, the company's investment income is derived from dividends from Belgium companies all of which are booked in the second half of the year.

Present indications are that the group's share of earnings of Belgium subsidiaries will be greater than for last year but that the Belgium Government's restrictions on Belgium company's dividends in respect of 1975 might operate to restrict transfers of profits to the U.K. (in terms of Belgium francs) to last year's levels.

The interim dividend per £1 share is raised from 2.68p to 3.12p net on capital increased by the recent rights issue and as stated at the time of the rights, it is the intention of the Board in the absence of unforeseen circumstances; to recommend total dividends of 7.98135p (6.731125p).

	Half year 1975 £000	1974 £000
Turnover	37,123	28,312
Depreciation	2,912	3,509
Interest paid	1,316	918
Investment income	114	122
Pre-tax profit	131	425
Tax	251	335
Net loss	150	*91
Minority profit	31	21
Attributable loss	181	*69

* Profit.

The company's subsidiary Calor Gas Holdings Company reports a pre-tax loss of £430,000 (£77,000) for the period and the directors warn that unless winter conditions are exceptional, it is doubtful whether profits for the full year will show an increase.

	Half year 1975 £000	1974 £000
Turnover	36,444	27,794
Depreciation	2,752	2,367
Interest	1,553	1,227
Pre-tax loss	430	77
Tax	50	138
Net loss	480	215

The company later said "we are aiming for an increase, but would not like to guarantee it. We are hoping there will not be a down turn.

"There is some doubt about achieving an increase. The cost of gas to us is going up. We are being faced with big increases. We have an application into the price commission to get an increase in our selling price and everything depends on that and the amount of gas we sell."

● comment

The interim figures from IC Gas give little indication of the full year trend, but the group seems to be on the road to £12½m. or £13m. pre-tax for the full year. The Belgian operations are providing the bulk of the growth and the weakness of sterling is an added bonus. Calor Gas, accounting for roughly a third of earnings, is coming under some margin pressure and the growth rate over past years is unlikely to be held, though the long-term business looks good. The main cloud on the horizon, however, is the current debate in Belgium over a freeze on dividend payments. At 337p, down 3p yesterday, the forecast yield is 8½ per cent.

Statement Page 22

Premier Oilfields expands

IN THE six months ended September 30, 1975 profits, before tax, of Premier Consolidated Oilfields expanded from £99,222 to £229,959 on sales of £887,964 compared with £650,521. This result exceeds the total of £375,096 reported for 1974-75 which included exceptional credits of £149,271 and was achieved from sales of £1.22m.

	First-half 1975-76 £	1974-75 £
Group sales	887,964	650,521
Depreciation	119,965	104,151
Loan interest	4,057	10,312
Other income	124,127	52,598
Profit	229,959	99,222
U.K. tax	13 166	10,100
U.S. tax	—	12,498
Trinidad tax	†124,938	95,095
Net profit	91,843	*18,463

* Loss. † Takes account of final tax losses brought forward of £60,000.

Other income includes profits on exchange of £54,626 of which £6,078 has been realised.

BOWATER ARABIA FORMED

To take advantage of the many opportunities for effecting business with Middle East countries, in particular Egypt, Iraq and the Gulf States, a wholly-owned U.K. subsidiary is being set up with the name Bowater Arabia.

Prime objectives of the company will be to promote export sales of Bowaters U.K. manufactured products and also those of other companies, to introduce services in the field of paper technology and to act as introductory agent and intermediary in connection with the sales in the Middle East of other goods and commodities.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	Low	Stock	Closing Price	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	$121¼	$121¼	Brazil Fund S.A.	$121¼		—	—	—	—
[illegible]	F.P.	—	160	90	Cren Exchange	90		b1.62	2.5	1.5	—
[illegible]	F.P.	7/11	380	250	Standard'd Ch'd Mini'g 20	280					
—	F.P.	—	£34	£29¾	Hughes Tool $1	£32⅞	−⅛	Q40c	—	0.5	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	Low	Stock	Closing Price	+ or −
[illegible]	£50	30/1	50½	48½	Bristol (City of) 13¼% Deb. Stk. 1981	50¼	
[illegible]	£30	11/2	30¾	29½	Coventry City of 13¼% Red. Stck. 1980	30½	
[illegible]	£10	25/1	12	11½	Essex Water 9% Red. Pref. 1981	11½	
[illegible]	F.P.	15/10	136½	115	Haslemere Est. [illegible]	120	
[illegible]	F.P.	9/1	101½	99⅞	Islington 13% Red. Stk. 1980	101¼	
[illegible]	F.P.	9/1	99¾	97½	Do. 10% Red. Stk. 1985/8	98	
[illegible]			870p	830p	Jardine Math. 7½% Conv. Uns. 1990	840p	−10
[illegible]	F.P.	28/11	100	96¾	Lee Valley Water [illegible] Red. Pref. 1980	99	
					Magnet & Southerns		
[illegible]	F.P.	—	100	98½	Midland Bank First Cap Notes '85	100	
[illegible]	F.P.		98¼	98	Miranda 9½% Notes 1980	$C98¼	
[illegible]	F.P.		102½	98	Do.	$US.102¼	
[illegible]	£25	23/1	29	26	Norcros 15¼% Deb. 1990-95	27½	−¼
[illegible]		—	95	93	Pentos 15% Conv. Uns. 1985	93	
[illegible]	F.P.	17/11	50¼p	45p	Single 10% Cum. Conv. Pref	46	−½
[illegible]	F.P.	28/11	120	103	Spirella 14% Conv. 1980	108xd	
[illegible]	F.P.	—	99	98	Trans Union Fin Can 10½% notes 1980	$C.98½	
[illegible]	F.P.	1/10	99½	96½	York Waterworks 9% Red. Pref. 198[illegible]	96½xd	

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	Low	Stock	Closing Price p	+ or −
[illegible]	Nil	19/12 30/1	80	60	Anglo-Am Asphalt	78pm	−2
[illegible]	Nil	16/1 —	55	44	Bank of Nova Scotia	53pm	+2
[illegible]	F.P.	5/12 7/1	63	55	Berry Wiggins	52	
[illegible]	F.P.	12/12 16/1	363	335	British Home Stores	354	+2
[illegible]	F.P.	12/12 12/1	65	47	Capper-Neill	52	+½
[illegible]	F.P.	5/12 9/1	22½	18	Charles (David)	18	−½
[illegible]	F.P.	24/11 8/1	87	79	Debenhams	83	+1
[illegible]	Nil	—	56	35	Ellis & McHardy	36pm	+1
[illegible]	F.P.	12/12 9/1	125	119	Fenner (J.H.)	121	+1
[illegible]	F.P.	1/2 7/1	887½	775	Harrisons & Crosfield	850	
[illegible]	F.P.	15/12 13/1	86	64	Hunting Assoc. Inds.	82	
[illegible]	F.P.	6/12 5/1	100	90	Ibstock Johnsen	92	+2
[illegible]	Nil	17/12 16/1	120	111	Kwik Save Discount	112	+1
[illegible]	Nil	—	28	24	Lennons Group	27pm	
[illegible]	Nil	22/12 30/1	24½	19	Lighting & Leisure	21pm	
[illegible]	Nil	19/12 16/1	10½	7	Mowlem (J.)	7pm	−1
[illegible]	Nil	—	165	125	Nat. Bank of Aust.	139pm	−3
[illegible]	F.P.	17/12 7/1	26½	24	Pontins	26½	+¼
[illegible]	Nil	—	8	6	Pullman (R & J)	8pm	+2
[illegible]	F.P.	24/11 30/1	39	33	Raybeck	36	
[illegible]	Nil	19/12 30/1	38	24	Bauerman (W.)	32	+5
[illegible]	Nil	19/12 21/1	6½	½	Spillers	4pm	+1
[illegible]	F.P.	12/12 16/1	70	64	Watson & Philip	66	
[illegible]	F.P.	19/11 19/12	80½	60½	Weir Group	80½	+4½

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend; cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters for fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

Northern Devels in assets dispute

ACCOUNTANTS Peat, Marwick, Mitchell, whose partners are acting as receivers to the Northern Developments housing group, yesterday denied reports that there was a surplus of assets over liabilities when Williams and Glyn's Bank, as debenture holders, appointed receivers on June 2.

The figures showing the surplus are based on a consolidated statement of affairs which the Board of Northern Developments (Holdings) has, as a legal obligation, prepared for the receivers. It is, however, only in draft form and has not been formally submitted to Peat, Marwick, Mitchell yet.

Mr. Michael Somerville, manager of the accountants' London insolvency department, said yesterday that they had felt forced to take the unusual step of issuing a statement because of reported comments by Mr. Derek Barnes, chairman of Northern Developments whom the receivers have forbidden to play any executive role in the group.

The timing of the statement was designed "to make our position clear" before Mr. Barnes to-day addresses a London seminar to speak on "The problems facing companies when receivers are appointed."

The point of disagreement between receivers and the company directors is a valuation of Northern Development's land bank and work-in-progress made for the receivers by W. H. Robinson, a Manchester fir mof chartered surveyors.

Peat Marwick Mitchell's statement yesterday said that the directors' statement of affairs "shows a surplus after meeting the claims of unsecured creditors, excluding contingent liabilities.

"The statement would not disclose a surplus (but a substantial deficiency) were it not for an increase of some £3m. which the directors had made over the valuation of the land made by an independent firm of chartered surveyors.

"It is the valuation together with this increase which the receivers understand is being used." Mr. Malcolm Kershaw, a Northern Developments director, confirmed this difference of opinion.

It was, he said, the job of directors to "value the assets to the best of their ability." They had done this, and in some cases had disagreed with the surveyors' values. Mr. Barnes, he said, had not been involved in preparing the statement of affairs.

Mr. Somerville said that Peat, Marwick, Mitchell—two of whose partners, Mr. Rupert Nicholson and Mr. P. J. Butler are receivers to the parent company, with other partners receivers to the subsidiaries—accepted that valuations could only be a matter of opinion.

But a surplus of assets over liabilities, even if it had existed, did not alter the debenture holders position in appointing receivers if those assets were not liquid.

The statement from the receivers said that interest continued to run on Northern Developments' borrowings of some £24m. and would rank in priority to unsecured creditors' claims, as would the costs of receiverships.

"It follows that the receivers cannot be taken as agreeing to the suggestion that the assets exceeded the liabilities as at the date of their appointment although they are naturally seeking to realise the assets to the best advantage.

"The joint receivers do not accept the accuracy and they deny the relevance of the statement alleged to have been made by Mr. Barnes relating to the results of land sales prior to and during the receivership."

First half setback at Robt. Moss

REPORTING a fall in pre-tax profits from £234,062 to £72,027 for the half year to September 30, 1975, the directors of Robert Moss say they are optimistic that the second half will show "a marked improvement." Profits for the year to March 31, 1975 were £304,006.

First half earnings are shown to be down from 2.68p to 1p per 10p share. The interim dividend is lifted from 1p to 1.1p net—costing £46,200 (£42,000)—and the same percentage increase will be made in the final. Last year's final was 1.045p.

Sales dropped from £690,761 to £522,000. Tax took £29,878 (£121,711) leaving a net profit of £42,149 compared with £112,351.

At the start of the first half industry was suffering from a severe recession which continued during the summer months, members are told, but, before its end there was an upward trend in the number of orders received, and due to the decision implemented in June to reduce the labour force to the then current needs a "realistic" rate of profitability was achieved before the close of the half year.

With the "ever increasing number of customers" the upward trend in orders which began in September has been more than maintained to date.

The company manufactures plastic injection mouldings.

Motor Rail £271,658 loss

FOR THE year to August 31, 1974, on turnover of £5.44m. against £4.37m. for the previous 17 months, Motor Rail incurred a pre-tax loss of £271,658 compared with £35,027.

Loss after tax was £280,570 (£68,841) and after crediting extraordinary items of £1.03m. (debit £2.2m.) a net profit of £0.75m. stands against a £2.27m. loss.

The loss per 25p share was 3.5p (1.4p) and again there is no dividend.

The group, including subsidiaries and business purchased during the year, made a trading profit of £8,091 before accounting for losses of £111,490 suffered by subsidiaries sold or closed down during the year and before interest charges of £169,581.

Keystone Inv. tops £0.45m.

Income received by Keystone Investment in the year to October 31, 1975, increased from £498,374 to £560,927 and group revenue advanced from £396,330 to £455,122 before tax up from £129,830 to £163,084.

Net assets are shown at £7.69m. (£3.95m.) equal to 131p (67p) per 50p share.

The final dividend is 3p (2.75p) net for a 4.25p (4p) total.

BIDS AND DEALS

Barratt in £11m. agreed offer for Janes

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

Barratt Developments, one of the country's largest house builders, has made an agreed bid for H. C. Janes, the Luton-based building and general contracting group.

A joint statement issued by both Boards last night through S. G. Warburg said that the directors regarded the merger of the two groups as "a logical step" for the two businesses. The merger, they said, should lead to a more rapid development of the two companies and the enlarged group would be better placed with its greater financial strength and expertise to take advantage of future opportunities.

The directors of Janes, who with their families and family trusts, hold some 45 per cent. of the Ordinary shares, are recommending the terms to shareholders.

Janes shareholders are being offered 25 Ordinary shares in Barratt for every 16 Ordinary shares held, which values Janes shares at 187½p and the company at £11m.

As an alternative, shareholders have the option of 11 Barratt Ordinary shares plus £4.30 in cash for every ten Ordinary shares held, valuing them at 175p. Janes shareholders will, under the terms of the merger, be permitted to retain the interim dividend declared in respect of the year ending March 31, 1976.

For the year ended June 30, 1975, Barratt recorded a pre-tax profit of £6.05m., with assets standing at £12.35m. The group profit before tax of Janes for year ending March 31, 1975, was £2.35m., with assets of £6.42m. In the first half of the current year, Janes showed a pre-tax profit of £975,117 against £901,375 in the first six months of last year.

At the close, Janes were unchanged at 124p, as were Barratt at 120p.

NO PROBES

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed mergers of Tenneco Inc./Harmo Industries and Dentsply International Inc./AD International to the Monopolies and Mergers Commission.

TATE & LYLE

United Molasses, a wholly-owned subsidiary of Tate and Lyle, has agreed to buy the 50 per cent. of Paktank, the storage division of Pakhoed, a Dutch public company, which it does not already own.

It is understood that the initiative for buying out the joint venture came from Tate and Lyle.

BTR £3m. Swiss acquisition

BTR has acquired the capital of Lonstroff AG of Aarau, Switzerland for a consideration of Sw.Frs.16m. (£3m.). Of this Sw.Frs.8m. will be paid immediately and the balance will be payable by three equal instalments at annual intervals, the first being on January 1, 1977.

Lonstroff's net profit for 1974, before tax and after adjustment to comply with U.K. accounting requirements, was Sw.Frs.3.6m. (£680,000).

Lonstroff is principally a manufacturer of rubber products for industrial use especially for the electrical and machine tool industries, and the production programme as well as the marketing spread of BTR and Lonstroff are complementary.

Mr. F. Spaeti, present chairman of Lonstroff, will remain as chairman of the company which will be renamed Lonstroff-BTR. This union will permit a further strengthening of Lonstroff's production programme as well as improved market presence for BTR in Central Europe.

INVESTMENT TRUST SHARES SOLD

Ionian Bank is selling the holdings of its clients and associates in two investment trusts it manages to London Trust and a number of other investment trusts, whose funds are managed by Rivermoor Management Services.

The investment trusts concerned are Danae Investment Trust and Jove Investment Trust. In the case of Danae, Ionian Bank's clients and associates have sold 2.1m. income shares at 19p each which amount to approximately 30 per cent. of the issued shares of this class and 15 per cent. of the voting rights. Mr. J. N. Ridgers and Mr. S. W. Francis have been appointed to the Board, and Mr. G. W. Ashfield has ben appointed chairman.

Sir Robin Brook and Mr. P. Ashley Miller have resigned.

In the case of Jove Investment Trust, Ionian Bank's clients and associates have sold 1.45m. income shares at 21p a share (approximately 40 per cent. of the issued shares of that class and 20 per cent. of the voting rights).

Mr. M. F. Rawlence and Mr. D. L. Rolfe have been appointed to the Board with Mr. Rawlence as chairman, Sir Robin Brook, Mr. C. H. W. Robson and Mr. P. Ashley Miller have resigned.

BSC DEAL

The European Commission has given permission for the stainless steel stockholding business of Alfred Simpson, a wholly owned subsidiary of Head Wrightson, to be bought by the British Steel Corporation. The two organisations said last night that, with this consent, the September 18 agreement between them becomes unconditional and the transaction will be completed on Dec. 20.

The Corporation has offered continued employment to the 72 employees of the purchased business on terms and conditions comparable with those they have at present.

Simpson will be renamed Wrightstock and continue its existing bright bar and fasteners activities at Cannock.

HERBERT MORRIS POSITION

Assurances have been given that until the Secretary of State for Prices and Consumer Protection has announced her final decision on Amalgamated Industrials' bid for Herbert Morris, no further shares of Herbert Morris will be acquired. Therefore, with the consent of the Panel on take-overs and mergers, the offer has been withdrawn.

The bid has been referred to the Monopolies Commission which has been given five months in which to report. Dependent on the outcome of the Commission findings, the offer will either lapse or be revived under Rule 34 of the City Code.

DANISH BACON

Bacon Company and Ess-Food Eksport Svineslagteriernes Salgsforening, with a view to increased co-operation and the further strengthening of the position of DBC in the marketing of agricultural produce in the U.K., have been concluded.

An issue of "B" Ordinary shares to Ess-Food was one of the matters under consideration. Two representatives of Ess-Food will shortly join the DBC Board following which the Board will consist of seven U.K. executive directors and five directors resident in Denmark. No issue of shares will be made.

Midway dip at Tex Abrasives

REPORTING PROFITS before tax down from £180,957 to £131,727 for the six months to September 30, 1975, the chairman of Tex Abrasives, Mr. L. Evelyn-Jones, says he foresees greater profits in the second half and hopes for a full year result not "very much lower" than the £340,290 of 1974-75.

First half earnings are shown to be down from 4p to 3p per 10p share. The interim dividend is held at 0.65p net—last year's final was 2.05675p.

The chairman says that certain factors should be taken into account when comparing the results.

First, last year's first half profit contained an element of stock profit which has not been repeated.

	Six months 1975 £	1974 £
Turnover	1,703,051	1,449,291
Profit before tax	131,727	180,957
Taxation	66,800	95,500
Attributable	64,927	85,457
Dividend	13,934	13,934

Secondly, the diversification into sales to merchant outlets, sales of tungsten carbide tipped saw blades, etc., has met with so much interest that it has been decided to increase the sales personnel and marketing facilities for these projects resulting in a "considerable rise in selling costs."

Thirdly, the Sterling/Deutschemark exchange rate fell by an average of 6 per cent. during the period, and fourthly, inflation greatly increased overheads.

Sales of coated abrasives are increasing and the diversifications will provide a spring-board for improving profitability, adds Mr. Evelyn-Jones.

MINING NEWS

Gem prices to rise 3% in January

BY KENNETH MARSTON, MINING EDITOR

AN OVERALL increase of 3 per cent. is announced in the prices of rough gem diamonds marketed by the Central Selling Organisation on behalf of De Beers and other producers. The rise will vary according to the quality and size of the stones and it will become effective from the next "sight" on January 19.

Diamond prices were last raised on January 13 this year when prices of small rough gems were lifted by up to 10 per cent., a move which had the effect of an overall increase of 1.35 per cent. It seems likely that the latest price increases will be directed more to the smaller stones than to the larger types for which demand has tended to fall off in recent times.

Sales recover

Generally speaking, diamond sales have been keeping up very well. Following the sharp decline which occurred during the second half of 1974, CSO sales recovered in the first half of this year and it looks as though the improvement has continued. The value of the sales made in the current half-year will also have been enhanced by South Africa's 17.9 per cent. devaluation of the rand at the end of September.

It is thus expected that a recovery has also continued in profits of De Beers which in the six months to June 30 amounted to R104.3m. following a fall to R80.5m. in the second half of last year. An increased dividend total for 1975 is being looked for, possibly in the 28 cents-30 cents region compared with the 25 cents paid for 1974. De Beers rose 6p to 286p in front of the gem price increase news yesterday.

Peru-Marcona agreement

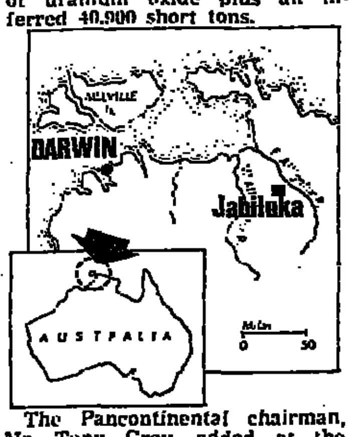
THE U.S. and Peruvian Governments have signed a preliminary agreement which should lead to a settlement of the dispute over Peru's expropriation in July of the U.S.-controlled Marcona group's big iron ore operations which are carried out 250 miles south of Lima, reports our correspondent.

The agreement establishes that compensation, of an amount still to be decided, will be paid to Marcona and it aims to get the iron ore moving again while details are being worked out. It also means that ore will not be transported by the Peruvian shipping line, as envisaged at the time of the take-over, but by Marcona ships at freight rates closely in line with those previously obtaining.

Marcona hopes that agreement on compensation for the expropriated assets will be reached before the end of next March. Mainly because of the threat of legal action by Marcona, very little iron ore has been shipped since the expropriation and rather more than 5m. tonnes are stockpiled. The halting of shipments has resulted in Peru losing over $10m. per month in much needed export income.

Pancontinental ore reserves

FURTHER drilling, the results of which could be announced in January, has outlined "substantial" additions to the uranium ore reserves at Pancontinental's high-calibre Jabiluka property in Australia's Northern Territory. The last ore reserve estimate was of an indicated 74,300 short tons of uranium oxide plus an inferred 40,900 short tons.



The Pancontinental chairman, Mr. Tony Grey, added at the Sydney meeting that the company is now in a position to request Australian Government approval for the development of the project.

Hopefully, Australia's new administration will be more decisive than its predecessor which, by refusing to grant the necessary permissions to mine and to export uranium, has put the embryo Australian uranium mining industry at a disadvantage in the world race to secure long-term supply contracts.

Mr. Grey reckons that given timely approval, Pancontinental's $140m. (£87m.) venture could be in production by 1979 at a rate of 3,000 tons per year. In the meantime, it is hoped that the company's gold find will provide a cash flow. The shares closed 10p up at 940p after 950p yesterday.

QUOTAS MAY HIT AYER HITAM

If the increased restrictions on tin exports for the March quarter of 1976, recently announced by the International Tin Council, are carried over to the following three months they will have an adverse effect on Ayer Hitam's profits said Mr. J. G. Richardson at the London meeting of the Malaysian tin producer.

He added that although the company is able to stockpile output it might be necessary to cut back production if restrictions are likely to be continued, while, some increase is expected in production fo year to next June.

The Penang tin price averaged $972 per picul fo past five months compared $1,029 for the year to last It was $970 yesterday. Discu concerning the possible tr of control of the com operating assets to Malaysi still being carried out but to be a long way from resolved owing to financia and legal problems. Ayer I were 153p yesterday.

BOARD MEETING

The following companies have dates of Board meetings to the Exchange. Such meetings are held for the purpose of considerin dends. Official indications are no able whether dividends concern interims or finals and the sub shown below is based mainly c year's timetable.

TO-DAY

Interims: Batleys of Yorkshire, waite and Co. Engineers, Edbro ings), Philip Harris, Jacksons' End, H. and R. Johnson-Richards Normand Electrical, Routledge and Paul, Unigate, Weston-Evans.

Finals: BOC International, F Bros., Compair, Lindustries, F Heenan International*, Trafalgar Investments, Veeds Stone, Westlai craft.

FUTURE DATES

Interims—
Cavenham ....
Hollis Bros. and E.S.A. ....
Illingworth Morris ....
Finals—
Trident Television ....
* Amended.

MINING BRIEFS

GEEVOR—November: 8,348 treated produced 75 tonnes Bla (63 per cent. Sn) including 8 tonn grade concentrates (October 84 to

Prop. Holdin & Investment increase

Gross income of Property ing and Investment Trus creased from £1.13m. to £1 in the six months to Septe 30, 1975, and net profit adva from £213,000 to £296,000 tax of £300,000 against £183,

The directors state that in absence of unforeseen cir stances net revenue after ta the year is expected to be app mately £600,000 compared £389,000, without taking credi interest on current develop expenditure.

Proceeds from the sale of leases on flats since Marc 1975, amount to £623,000 and pending completion amount further £466,000. A budg estimate of cash flow until M 31, 1977, shows a satisfactory plus of working capital in re to current commitments.

The interim dividend is from 1.75p to 2p net per share and the directors exp recommend the maximum al total of 5.32p (4.889p) fo year.

GE agrees merger with Utah International

NEW YORK, Dec. 16.

AGREEMENT in principle on a merger has been reached between the Boards of General Electric and Utah International, the large U.S. mining company which produces coal, uranium and copper.

The proposed merger, valued at $1.9bn. would be one of the largest ever undertaken by two U.S. industrial companies. Because it involves the economically and legally sensitive area of energy resources it is certain to receive extremely close scrutiny from the Federal Government's anti-trust enforcers.

The Federal Trade Commission in particular, has taken an active role in challenging mergers in the energy fields. Kennecott Copper is at present under an FTC order to divest itself of Peabody Coal the largest coal producer in the U.S., which it acquired for $600m. in 1968.

The planned merger would be achieved through the tax-free exchange of 1.3 shares of GE stock for each share of Utah International. GE, with 183.3m. shares outstanding, closed at $47.25 on the New York Stock Exchange yesterday while Utah International with 31.5m. shares outstanding closed at $47.

From GE's standpoint, the planned amalgamation offers valuable opportunities for acquiring an important position in fields that are closely related to many aspects of its own business, especially the manufacture of nuclear reactors and conventional electricity generating equipment.

As well as producing uranium, Utah International mines both metallurgical coal—chiefly in Australia—and steam coal. It owns deposits of iron ore and copper and participates in the development of oil and natural gas resources. During its latest financial year, which ended on October 31, it reported profits of $135m., or $4.29 per share, on sales of $636m.

GE's move could give it a major advantage over its biggest competitor in the nuclear reactor and electricity generating field, Westinghouse Electric, by enabling it to supply coal and nuclear fuel to the purchasers of its power generating equipment.

Westinghouse's relationships with the utility industry have soured during the past few months as a result of its threat to abrogate unilaterally long-term contracts to supply uranium to many of its American customers. Its decision, which is being challenged in court, was taken on the grounds that the recent sharp rise in uranium prices relieved it of its legal obligation to supply the fuel.

But because of the large amounts of money involved, the planned merger also appears to be something of a diversification for GE, away from its traditional business of electrical equipment. It has been pointed out on Wall Street that if GE had wanted merely to acquire interests in the coal and uranium industries, it could have probably done so for substantially less than the $1.9bn. offered for Utah International.

As a result, there has been some speculation that the management of GE are uncertain about the future growth prospects in their traditional operations and are seeking to enter a new area

Mr. Reginald Jones, GE's chairman, said: "In recent years, GE has emphasised that we live in an increasingly interdependent world and that opportunities for the company must be viewed from a global standpoint. We believe that the natural resources industry will play an increasingly significant role in international growth."

Magirus Deutz growth forecast

BY GUY HAWTIN

FRANKFURT, Dec. 16.

MAGIRUS-DEUTZ AG, West Germany's second largest commercial vehicle manufacturer, is expecting a growth rate of over 12 per cent. in 1976. Dr. Heinz Hahn, the concern's chief executive, has forecast that turnover should reach DM2.2bn. this year.

This estimate follows a huge 30 per cent. increase in turnover during the current year. Final figures should show a rise of DM700m. from 1974's DM1.06bn. to DM1.8bn., comfortably surpassing the targeted DM1.7bn.

The concern, at the beginning of this year, ceased to be a subsidiary of Kloeckner-Humboldt-Deutz (KHD) and is now jointly owned by KHD and Fiat of Turin through their holding company Iveco (Amsterdam) following their agreement to co-operate in the commercial vehicle field.

Their joint subsidiary's considerable success in 1975 was attributed by Dr. Hahn to the major contracts Magirus has landed in the Soviet Union, Sudan and Algeria. Demand in the Federal Republic and Europe was quiet and the concern is not expecting much of an improvement in the first half of 1976, either in the home market or Western Europe.

Production during the first six months of next year was expected to remain at the level of the last months of 1975, said Dr. Hahn. However, Magirus believes that in 1976 output will increase from 1975's 19,000 vehicles to 20,000 vehicles.

Despite the relatively poor developments in the home market, domestic turnover in 1975 reached its DM620m. target, while exports of DM1.2bn. well surpassed the planned figure. The share of exports as a proportion of turnover had risen to more than 70 per cent.

Iveco plans to invest heavily in Magirus over the coming years. A five-year capital investment programme is on the stocks which envisages an annual expenditure of between DM70m. and DM100m. In 1976 work will start on a new plant which will increase considerably the concern's production capacity and which is due to come into operation in 1977.

Further expansion is likely to be necessary if Magirus secures a follow-up to its present contract with the Soviet Union, said Dr. Hahn. No firm news on a new contract is likely to be forthcoming before early 1976 when the detailed Soviet five-year plan becomes available.

If the contract is landed, there should be a further build-up of the Magirus-Deutz labour force.

CDF moves for Ripolin

BY RUPERT CORNWELL

PARIS, Dec. 16.

THE STATE-owned chemicals concern CDF-Chimie has now formally thrown its hat into the ring as a counter bidder for the paints maker Ripolin-Georget-Freitag against the Belgian oil group Petrofina.

This afternoon the Paris bourse stockbrokers association announced that CDF-Chimie is offering Frs.95 for every Frs 50 nominal share in Ripolin. The terms are conditional on acceptances covering at least 51 per cent. of the company's Frs.19m. capital.

As for Petrofina, its bid of Frs.80 per share automatically becomes void and the group has until December 22 to decide whether to improve its terms or to retire from the contest. Reports from Brussels suggest that Petrofina might have over 60 per cent. of Ripolin but this picture could change completely with the new CDF-Chimie offer.

The new turn in events, although widely predicted, raises several questions on French Government policy on the formulations of "French solutions" to industrial dilemmas—for there is scant doubt that CDF is acting on the express instruction of the Paris authorities.

Petrofina had waited almost a month before announcing its plans, anxious to secure the support of the Paris Government. That it finally declared its hand last week, only to be swiftly opposed by a "French" offer suggests either poor communications or simple exasperation at the delaying tactics in Paris.

Amid the confusion, the best placed seem shareholders in the Frs.250m. a year paint company. Whichever bid wins the day, they are assured of a substantial gain, since before their suspension on November 17, Ripolin shares stood at only Frs.64 apiece.

Montefibre to increase its capital

BY ANTHONY ROBINSON

ROME, Dec. 16.

MONTEDISON, which is the controlling shareholder in the Montefibre fibre and textile group, has finally decided to go ahead with plans to raise Montefibre's share capital following an understanding with the government covering substantial subsidised long-term credits for the reconversion of its obsolete plants.

Three weeks ago Montefibre announced the indefinite postponement of plans to write down its capital from L.120bn. to L.60bn. to compensate for accumulated losses, followed by the injection of L.120bn. to bring the new capital up to L.180bn. Montefibre is currently losing over L.10bn. monthly and Montedison let it be known that it was not prepared to inject fresh capital into the group until it was assured of subsidised credit and trade union co-operation for the phasing out of four obsolete fibre plants in Piedmont, prior to reconversion, plus the closure of its Valle Susa textile complex.

Now it has apparently reached an understanding with the government that it will be eligible for up to L250bn. in subsidised credits under the aegis of law 464 which covers industrial reconversion and modernisation projects in Northern Italy. Up to now, Montedison has received some L.9bn. under this law but only at market rates of interest due to bureaucratic delays in agreeing the extent of the interest rate subsidy. Originally this law was meant to apply only to small and medium industries and not to major groups like Montedison.

The Montefibre shareholders meeting has been called for December 20.

Decision day in Haw Par loan negotiations

BY MARGARET REID

SINGAPORE, Dec. 16.

TO-MORROW IS being looked upon as the breakdown or breakthrough day in the secret negotiations here about the much-disputed £14.5m. loan from Slater Walker Securities, now headed by Mr. Jimmy Goldsmith, to the Singapore-based Haw Par Brothers International.

Mr. Goldsmith, defending SWS's claim to repayment of the whole amount, is thought to have ideas for a "constructive" solution; though not apparently involving SWS again taking any holding in Haw Par, which it once controlled. He feels that now positions have been clarified, there will either be a collapse in the talks or the establishment of a pattern for a negotiated settlement by the week-end.

But Haw Par is believed to have set its sights on a substantial cut—certainly of more than a third—in the loan as the condition of a settlement and cash payment soon. It is fortified in its view by a renewed Stock Exchange attack here on the related deal by which in 1973 Haw Par bought SWS's shares in SWS (Hong Kong) for £16m.

Thinking on the two sides appears wide apart and it is evident that some movement will be needed if negotiations are not to break down.

However, there seems a considerable desire by both to clear up what has become a notorious issue. At SWS, there is a feeling that the new Board cannot [illegible] down to do anything constructive with the group as a whole until this matter is resolved. Haw Par, too, would like to settle the matter but neither wants to agree at what it sees as too high a price.

Offshore mining raises $200m. nine-year loan

FINANCIAL TIMES REPORTER

THE CHAIRMAN of Offshore Mining Sir Arnold Nordmeyer, announced in Wellington, New Zealand, to-day that an international group of financial institutions, led by the Citicorp International Group, is forming a syndicate of banks to provide a $200m. nine-year multi-currency loan to Offshore Mining, a company wholly owned by the Government of New Zealand.

This is the first nine-year loan to be brought to the Euro-currency market since the summer of 1974.

The loan is priced at 1½ per cent. over the prevailing London Interbank offered rate.

Oude lifts offer for SAD

By Richard Rolfe

JOHANNESBURG, Dec. 16.

OUDE MEESTERNHROUP, the main liquor arm in South Africa of Dr. Anton Rupert's Rembrandt organisation, has increased its bid to gain control of its 52 per cent. owned subsidiary SA Distilleries by one share, to establish terms of 13 Oude Meester for one SA Distilleries and can therefore be reckoned to have improved its chances with the minority.

The original bid was announced in mid-August and rumours have been rife in Johannesburg as to why the offer documents have not materialised. The official reason now proves to be that following the U.K. Treasury statement of October 20 that applications would be considered for individual exemption from dividend control for companies registered in the U.K., like SA Distilleries, but officially regarded as foreign companies for tax and exchange control purposes. With SA Distilleries falling within these parameters and its dividend, 22c last year out of 118c earnings, previously affected by the U.K. controls, Rembrandts took the view that the exemption granted for SA Distilleries on November 27 made the original terms less attractive to U.K shareholders. Hence the decision to raise the bid by one Oude Meester per SAD share.

Oude Meester also says that following the Rand devaluation in September the original terms for the preference shareholders have been revised as well since the offer of R1.50 per share no longer equates to par value. The offer for the preference shareholders has therefore been raised to R1.80 per share.

Documentation of the terms will now be posted before end January, 1976, a five-month delay from the original announcement. The latest terms go some way to meet objections that the price for SAD was unduly mean. The 13-for-one sway, with Oude Meester at 41c, values SAD at 535c against 525c in the market, up 40c on the news. But, perhaps more important, the offer is now more reasonable on net asset value considerations, with Oude Meester standing at roughly the same discount as SAD on the new terms.

Record year for Citicorp foreseen

NEW YORK, Dec. 16.

CITICORP has said that it expects to report record earnings for the year in spite of unusually heavy write-offs of doubtful loans in the fourth quarter of this year.

In light of current economic conditions, Citicorp will charge all identified loan losses this year against the current year's earnings.

In addition, it will make a further charge to increase the level of the loan loss reserve to bring it to an amount approximately $30m. higher at this year-end than it was at the end of 1974.

During the first nine months of 1975, Citicorp's provisions for possible losses on loans charged to earnings of $212m. exceeded actual loan charge-offs of $180m. by $32m. which amount was added to the loan loss reserve.

Citicorp estimates the provision for loan losses will be about $125m. in the fourth quarter, bringing the full year provision to approximately $337m. and full year estimated loan charge-offs to approximately $310m.

For the five years ending December 31, 1975, the provision for loan losses will have exceeded net charge-offs on a cumulative basis by approximately $44m.

After absorbing all identified loan losses, increasing the loan loss reserve above the 1974 year-end level and providing for new retroactive New York City and New York State taxes of approximately $7m. Citicorp estimates that 1975 full year earnings will reach a record high level up approximately 10 per cent. over full year 1974 earnings of $313m.

Earnings in the fourth quarter 1975 will be down about 10 per cent. from the $80.4m. earned in the fourth quarter 1974.

AP-DJ

HUTCHISON OFFER

SYDNEY, Dec. 16.

HUTCHISON International said it intended to make an offer to acquire for cash the 28 per cent. interest it does not already own in Hutchison Australia.

The offer will be made through Hutchison International's wholly owned Australian subsidiary, Hutchison International Pty.

Reuter

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	101½	102½
Ashland 8pc 1987	89½	90½
Austraswiss 8pc 1987	89½	90½
Borregaard 8½pc 1989	95	96
Broken Hill 10pc 1990	101½	102½
Carrier 8pc 1987	89	90
Conoco 8pc 1986	97	98
Consd. Foods 7¾pc 1991	86½	87½
Cutler Hammer 8pc 1987	91½	92½
EIB 9¼pc 1985	101½	102½
ERAP 9¼pc 1985	100½	101½
Esso 8pc 1986 Nov.	98½	99½
General Cable 8½pc 1987	89½	90½
General Motors 8½pc 1986	102	103
Granges 9¼pc 1985	98½	99½
GTE 8½pc 1986	95½	96½
New Zealand 9¾pc 1982	101½	102½
Pacific Light 8pc 1988	90½	91½
Prov. of Quebec 7¾pc 1988	87½	88½
Quebec Hydro 8½pc 1989	98	99
Queensland 8½pc 1987	89	90
Scanraff 8½pc 1988	97	98
Shell 8pc 1986	97	99
Stand. Oil (Ind.) 8½pc 1988	99	100
Tenneco 7¾pc 1987	87	88
Transocean 8pc 1986	97½	98½
Utah 8pc 1987	92½	93½
Volvo 8½pc 1985	100½	101½
NOTES		
Air France 9¼pc 1982	101½	102½
Ardal 9½pc 1980	100½	101½
Aust. Ind. Dev 10½pc 1981	103½	104½
Barclays 9½pc 1982	99½	100½
Cie Ntl. du Rhone 10pc '82	103	104
Du Pont 7¾pc 1978	101½	102½
Esso 7¾pc 1976	100½	101½
General Motors 8¾pc 1976	100½	101½
Montreal 9½pc 1981	101	102
Nippon Steel 9½pc 1980	99½	100½
Norway 8pc 1980	102½	103½
Skand. Enskilda 10½pc	104½	105½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	82½	84½
Ashland 5pc 1988	77	79
Beatrice Foods 4¼pc 1992	95	97
Beatrice Foods 4½pc 1992	102	104
Borden 5pc 1992	92	94
Broadway Hale 4½pc 1987	78	80
Canon Camera 7½pc 1989	97	100
Carnation 4pc 1987	84	86
Chevron 5pc 1988	93	95
Dart 4¾pc 1987	82	84
Eastman Kodak 4½pc 1988	115	117
Economic Labs. 4½pc 1987	78	80
Eidai 7½pc 1989	68	72
Fed. Dept. Stores 4½pc '85	126	128
Firestone 5pc 1988	87	89
Ford 6pc 1988	87	89
Ford 5pc 1988	77	79
General Electric 4¼pc 1987	84	86
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	86	88
Gulf and Western 5pc 1988	84	86
Harris 5pc 1992	72	74
Honeywell 6pc 1986	78	80
ITT 4½pc 1987	67	69
Komatsu 7½pc 1990	102½	104
J. Ray McDermott 4¾pc '87	113	115
Mitsui 7½pc 1990	101½	103½
J. P. Morgan 4½pc 1987	100	102
Nabisco 5½pc 1988	93	95
Owens Illinois 4½pc 1987	89	91
J. C. Penney 4½pc 1987	77	79
Pioneer 8½pc 1989	198	202
Rank 4½pc 1993	42	44
Revlon 4½pc 1987	98	100
Sperry Rand 4¼pc 1987	88	90
Squibb 4½pc 1987	88	90
Texaco 4½pc 1988	73	75
Toshiba 6½pc 1990	101	103
Union Carbide 4½pc 1982	101	103
Warner-Lambert 4½pc 1987	94	96
Warner Lambert 4½pc 1988	83	85
Xerox 5pc 1988	71	73

Source: Kidder, Peabody Securities.

From a U.S. standpoint Mr Riccardo's bold and decisive handling of the U.S. subsidiary's problems is encouraging. But Wall Street continues to view Chrysler's prospects with caution and some institutions still regard it as a highly speculative investment.

Chrysler's rocky ride

BY GUY DE JONQUIERES, NEW YORK CORRESPONDENT

WHEN Mr. John J. Riccardo took over as chairman of Chrysler last October, he brought to the job a clear idea of what needed to be done. His business philosophy, as explained to his associates, was simple: "When you're losing a lot of money, the first thing to do is to cure the loss-making operations. After that, you can start concentrating on the profitable ones."

By extracting pledges of large sums of aid from the British Government, Mr. Riccardo has staunched the massive drain of company funds through Chrysler's U.K. subsidiary, its most conspicuous loss-maker. But this is only one of the steps needed to turn the corporation around, and much remains to be done

To put it bluntly, Chrysler has only recently come off the danger list of companies like Pan American World Airways and Trans World Airlines, whose very survival is in question. Its total losses of more than $300m. over the 12 months to the end of September dwarfed even those of its U.K. subsidiary and it has been forced to borrow heavily to finance day-to-day operations.

For these reasons, Wall Street is continuing to view Chrysler's prospects with caution, and many of the larger U.S. institutions still regard it as a highly speculative investment. Though the agreements on the British subsidiary are regarded as a positive factor, they have not been enough in themselves to push Chrysler's share price above the $9-10 range where it has been languishing for some time.

With the British problems out of the way, the key to Chrysler's future lies quite clearly in its performance on the U.S. market. It is still recovering from the devastating impact of the deep slump in sales which began just over a year ago. This decline affected Chrysler worse than any other Detroit motor manufacturer, sending its share of domestic sales plummeting to a little over 12 per cent. at one point from almost 16 per cent. in 1973.

In November, Chrysler's domestic market share had recovered to 13.5 per cent. of domestic sales, reflecting in part the general strengthening of the new car market. But this was still below the company's penetration a year earlier and was achieved only through the continuation of its extremely expensive sales rebate programme, which cost Chrysler between $200 and $300 on each car sold.

Chrysler is counting heavily on the success of its new Aspen and Volare "compacts," which are now starting to trickle into the showrooms, to boost its sales. Like the Cordoba, these two cars have been produced with the lowest possible tooling costs, but their reasonable size and relatively good fuel economy, coupled with a long list of luxurious options, seem well tailored for the current market. It will not be before late 1977 at the earliest, however, that Chrysler is able to assemble in the U.S. a small car of its own — probably a derivative of the new 1308 model made by its French subsidiary.

Though the financial resources available for new models are clearly limited, company executives maintain that they are sufficient for all its current projects. Its principal source of financing is a $500m. revolving credit line with its banks, which runs until 1978.

Even if Chrysler can get its model line sorted out, it must still deal with the problem of operating costs. For the past two years it has suffered chronically from excess capacity. This year, it has been running at an average of about 43 per cent. of capacity, compared with an average of about 60 per cent. for the industry as a whole.

Moreover, several of Chrysler's six U.S. assembly plants are now rather aged and inefficient, especially its Jefferson Avenue plant in Detroit. This plant was used to assemble Chrysler's top-of-the-line Imperial models. But though production of the Imperial has been discontinued the Jefferson plant remains, partly because Chrysler needs a small part of its capacity for other models and partly because it is under strong pressure from the United Auto Workers and the City of Detroit to keep it open.

One Wall Street analyst estimates that the excess capacity problem is so great that not one single Chrysler assembly plant operated profitably this year. Moreover, despite the steady improvement in car sales since last summer, Chrysler is still having trouble getting its operating schedules straight: It is planning to close four of its assembly plants for the first week of next year to reduce stocks—though its first quarter production schedule is double the level of a year before.

Mr. Riccardo has said that he expects Chrysler to show a profit during the current quarter—its first for 15 months. Wall Street analysts calculate that if Chrysler has to bear none of the operating losses of its U.K. subsidiary, estimated at as much as $100m., it could report a profit of anywhere from $2.0 to $5.0 per share next year.

But as one analyst added in a note of caution: "We could all be very wrong—after all, everyone was forecasting that Chrysler would make a profit in 1975 about this time last year." His hesitation stemmed not just from a wariness about the performance of the car market itself, but also from a painful recollection of Chrysler's mistakes in the past.

In the view of many industry observers, Chrysler has had an unfortunate knack for making the wrong decision—such as investing heavily in retooling its big cars just months before the Arab oil embargo. From a U S standpoint, Mr. Riccardo's bold and decisive handling of the U.K subsidiary's problems is an encouraging sign, but most American investors will probably want to see more conclusive evidence that Chrysler is on the right track before they give its chairman a vote of complete confidence.

Former TWA chief moves to Pan Am

By Guy de Jonquieres

NEW YORK, Dec. 16.

PRESIDENT ad Chief Operating Officer of Trans World Airlines Mr. Forwood Cloud "Bud" Wiser, was to-day named to the identical positions with Pan American World Airways.

The announcement caused some surprise in the airline industry. Even though there has traditionally been a high degree of executive mobility between different airlines, no similar move has occurred at the topmost echelons of two directly competing carriers within recent memory.

Mr. Wiser, who is 53, has worked for two other airlines as well as TWA. Though is resignation from TWA was never explained, there were widespread reports at the time that it was the result of major and recurrent differences of opinion with the airline's chairman, Mr. Charles Tillinghast.

At Pan Am, Mr. Wiser should be on more congenial ground. He is an old friend of Pan Am's chairman, Mr. William Seawell, who has also been occupying the posts to be taken up by Mr Wiser when his appointment becomes effective on January 1. The two men worked together about ten years ago at American Airlines, where Mr. Wiser was Mr. Seawell's boss.

Both Pan Am and TWA have recently undertaken stringent economy measures in an effort to regain profitability after periods of heavy losses. So far, Pan Am has had more visible success, and in the third quarter of this year it reported its first quarterly profit for two years.

Isuzu reshuffle

By Charles Smith

TOKYO, Dec. 16.

ISUZU MOTORS, the sixth largest Japanese motor manufacturer, which is expected to report a big loss in the 12 months business term ending in October, is to carry out a sweeping management reshuffle in January designed to stress the company's links with Dai-Ichi Kangyo Bank and with General Motors — its principal shareholder.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index rises 7.7 & volume expands 4m

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 16.

PRICES MOVED decidedly higher on Wall Street to-day, when by all appearances year-end tax-loss selling had pretty much dried-up and there was some buying in anticipation of an expected year-end rally.

The Dow Jones Industrial Average moved up 7.71 to 844.30 and the NYSE All Common Index strengthened 46 cents to $46.84, while rises outpaced falls by more than a two-to-one majority. Trading volume sharply expanded 4.39m. shares to 18.35m.

Investors also were encouraged by lower interest rates and news of improved car sales and better retail inventory levels.

Utah International gained $2¼ to $49¼ but General Electric declined $⅝ to $46—GE agreed to acquire Utah for about $1,900m. in stock.

Banks improved. Citicorp. moved up $⅞ to $27⅝—earnings for the year "would be higher" and it held the fourth quarter dividend unchanged. Manufacturers Hanover put on $1 to $27¼ on its quarterly dividend raised 2 cents to 45 cents per share. Bankers Trust, up $1⅝ to $27⅞, kept its quarterly dividend unchanged at 75 cents per share.

Texaco, the most active issue were up $¼ at $23¼—a block of 416,000 shares traded at $23.

Celeveland-Cliffs dropped $3 to $44, reflecting a delay in the expansion of its Tilden iron site.

Federal Co. climbed $1¼ to $22¼ on sharply higher second quarter net earnings.

IBM gained $3¼ to $219⅝, Pittston $1⅛ to $31⅞, Digital Equipment $3⅜ to $128⅜, Northrop $1¼ to $35⅜ and Dresser Industries $1⅞ to $57.

Chemicals moved higher. Stauffer Chemical picked up $1⅝ to $79¼, Celanese $1½ to $43 and Union Carbide $1½ to $59⅜.

Du Pont rose $3 to $125⅜—it developed a new super-tough nylon resin.

The American SE Market Value Index was up 0.41 to 82.31, while advances edged declines by 310-to-301.

Armin advanced $1 to $11 on second-quarter earnings of 91 (64) cents per share.

Hanover Petroleum lifted $1⅝ to $12 while Total Petroleum held unchanged at $5¼—they revised merger terms.

Sun Electric put on $⅜ to $19¼ on a three-for-two stock split and consideration of a dividend increase.

Papers 0.42 to 95.66. But Western Oils lost 1.39 to 199.36, Base Metals shed 0.33 to 72.58 and Banks eased 0.17 to 149.37.

BP Canada gained $⅜ to $10⅞, Ivaco "A" $⅝ to $7⅜ and Foodcorp 52 cents to $2.70. But Southam Press "A" slipped $½ to $23 and Home Oil "A" lost $¼ at $27⅜.

Dome Mines advanced $1¼ to $33⅝ and McIntyre Mines $⅜ to $37¼.

PARIS—Mixed to lower, influenced by investor concern about next Thursday's Public Sector strikes.

Banks, Foods, Rubbers, Engineerings and Stores lost ground.

The Foreign sector was mostly better. Gold Mines also improved, while Coppers were mixed.

BRUSSELS—Mostly lower in very slow trading.

Steels declined. Metals were narrowly mixed, Chemicals eased, Oils lost some ground, while Electricals and Utilities were lower.

U.S. shares were mixed, South African Gold Mines firmed, Dutch sector weakened, French issues mostly lower, Germans' finished steady.

AMSTERDAM—Narrowly mixed in dull conditions.

Banks, Insurances, Transportations and Dutch Industrials were irregular. Shipping Union were up Fls.1.30.

Bonds declined up to Fls.0.30.

GERMANY — Major investor buying interest brought widespread gains.

Motors were strong, with BMW up DM2.50 and Daimler DM2.

Banks, Electricals and Chemicals also advanced. Siemens put on DM2—it is taking AEG's Osram holding.

Stores rallied, Linde added DM3.50 among Engineerings.

Bonds were again quiet with some prices down 50 pfennigs on year-end position closing. Mark Foreign Loans were mixed.

SWITZERLAND—Mixed in brisk trading.

Banks were steady, Industrials firmed, Insurances mixed, Financials and Chemicals advanced.

Swissair Bearer rose Frs.12 to Frs.452, Juvena Frs.20 to Frs.465, and Sandoz Bearer Frs.100 to Frs.4,700.

State Bonds continued quietly steady.

Dollar stocks were narrowly mixed, Dutch Internationals remained resistant, while Germans were generally very steady.

VIENNA—Generally firm.

MILAN—Prices lost an average 1 per cent. on end-Account factors.

Fiat, up L9, were among the few issues which rose.

Bonds were quiet and little changed.

COPENHAGEN — Generally higher in active dealings. Banks were about unchanged, as were Communications and Shippings.

OSLO — Industrials and Insurances were irregular, Banks steady, while Shippings were quiet.

JOHANNESBURG—All South African Markets were closed yesterday—Day of the Covenant.

HONG KONG — Lower in decreased trading.

Hong Kong Bank were down 10 cents to $HK18.20, Hong Kong Land 5 cents to $HK6.70, Hutchison 3 cents to $HK1.76, Jardine 50 cents to $HK22.50, and Hong Kong and Kowloon Wharf 30 cents to $HK12.40.

TOKYO—Slightly lower, with late liquidation and other selling more than offsetting initial gains. Volume 180m. (160m.) shares.

Paper-Pulps, Chemicals, Textiles, Electricals and Real Estates eased.

But Motors, Shipping and Light Electricals advanced on buying by Institutions. Isuzu Motors gained Y7 to 132 on reports that Dai-Ichi Kangyo Bank will send its managing director to back up Isuzu's business operations.

AUSTRALIA — Profit-taking broadened and most groups finished lower.

Coal Mines were particularly hit. Utah came back 20 cents to $A9.40, Theiss 15 cents to $A2.35, Coal and Allied 10 cents to $A2.40, Oakbridge 6 cents to 69 cents and A.A. Resources 7 cents to $A1.43.

Base Metals drifted lower, while Uraniums faded erratically.

Pancontinental were off 4 cents at $A9.20, after $A8.90.

In weak Oils, Woodside Burmah lost 7 cents to $A1.37.

Banks were generally weaker, but Insurances and Financiers continued firm. Retailers developed a weak undertone, as did Breweries and Sugars.

Bank of NSW dipped 16 cents to $A6.60.

OTHER MARKETS

Canada still mixed

Canadian Stock Markets remained irregular in light trading yesterday.

The Industrial Share Index put on 0.52 to 172.54, Golds 5.17 to 240.58, Utilities 0.52 to 124.54 and

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Dec. 16	68.21	165.52	844.30	81.56	18,360
15	68.16	164.54	836.59	81.13	13,960
12	68.09	164.72	832.81	81.00	13,100
11	68.15	165.11	832.75	80.94	15,300
10	68.17	166.07	835.09	81.03	15,680
9	68.50	162.53	824.15	80.65	16,040
8	68.59	165.14	821.63	80.66	14,160
5	68.42	163.34	818.80	80.21	14,050
4	68.37	164.90	829.11	80.71	16,380
3	66.38	166.25	825.49	81.06	21,320
2	66.38	167.85	843.20	82.63	17,930
1	68.51	169.43	856.34	82.89	16,050
Nov. 28	68.64	169.29	860.67	83.27	12,370
26	68.63	169.00	856.55	83.17	18,780
25	68.70	168.84	856.40	83.06	17,490
24	68.67	[illegible]	[illegible]	[illegible]	[illegible]
21	68.79	[illegible]	[illegible]	[illegible]	[illegible]
1975 High	69.82	[illegible]	[illegible]	[illegible]	—
Low	66.10	[illegible]	[illegible]	[illegible]	—
All-time High	—	[illegible]	[illegible]	[illegible]	—
Low	—	[illegible]	[illegible]	[illegible]	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Dec. 12	Dec. 5	Dec. 13 1974
4.49	4.57	6.36

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Dec. 16	99.63	88.93
15	98.64	88.09
12	98.33	87.83
11	98.32	87.80
10	98.68	88.68
9	97.76	87.90
8	97.46	87.07
5	97.13	86.82
4	[illegible]	87.94
3	[illegible]	87.69
2	[illegible]	89.33
1975 High	107.40	96.91 (15.7)
1975 Low	77.71 (3/1)	70.74 (3/1)

* 425 Industrials. † 500 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

TUESDAY'S ACTIVE STOCKS

TORONTO INDUSTRIAL INDEX

MONTREAL INDUSTRIAL INDEX

COMBINED INDEX

JOHANNESBURG

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Dec. 11	Dec. 4	Nov. 27
On Dividends	6.04	5.92	6.34
On Earnings	9.99	9.48	10.54

SYDNEY ALL ORD. INDEX

Dec. 16	Dec. 15	High 1975	Low 1975
432.69	440.18	440.79 (5/12)	289.88 (3/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Dec. 16	Dec. 15	High 1975	Low 1975
314.08	314.20	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ⊕

Dec. 16	Dec. 15	High 1975	Low 1975
332.56	326.40	341.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

Dec. 16	Dec. 15	High 1975	Low 1975
227.76	227.66	268.69 (11/3)	153.26 (2/1)

EUROPE

	Dec. 16	Previous	1975 High	1975 Low
Belg'm (a)	104.36	104.84	111.81 (15/5)	89.07 (2/1)
Denm'k (b)	100.02	99.80	100.25 (2/12)	73.06 (15/1)
France (d)	68.0	68.2	72.6 (23/4)	51.70 (3/1)
Germ'y (e)	747.4	741.7	771.8 (1/12)	575.6 (2/1)
Holland (f)	94.1	93.5	107.6 (6/5)	83.2 (2/10)
Italy (g)	82.92	83.58	108.86 (21/2)	75.41 (17/10)
Spain (h)	105.99	105.25	110.96 (22/4)	91.25 (19/9)
Sweden (k)	335.95	390.18	409.81 (12/11)	310.56 (9/1)
Switz'rl'd (m)	270.6	270.1	296.1 (6/5)	206.5 (2/1)

Indices and base dates (all base value 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953 (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. § Straits Times 1966. (c) Closed. ‡ Adjusted.

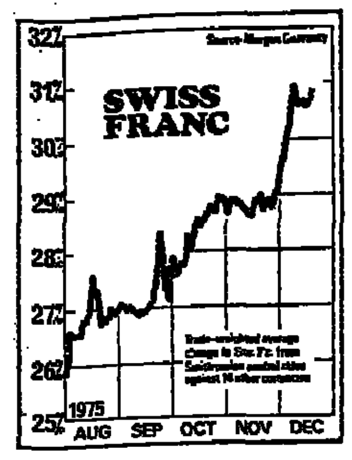
£ improves

Sterling showed a slight overall improvement in the foreign exchange market yesterday, but trading was very quiet and will probably remain so until the end of the year. The market remained nervous ahead of the Government's plans to give financial assistance to Chrysler and was also apprehensive of a possible economic package to include easier consumer credit regulations and selected import controls. A fair commercial demand for the pound during the afternoon however helped narrow sterling's trade-weighted average depreciation, as calculated by the Bank of England, to 30 per cent., compared with 30.1 per cent. previously. The calculation remained at 30.1 per cent. at noon and in early dealings.

The pound opened at $2.0170-$2.0180 and eased to $2.0155-2.0165 in early dealings. During the afternoon sterling touched $2.0185-2.0195, before closing at $2.0180-2.0190, a gain of 15 points on the day.

The U.S. dollar lost ground against most other major currencies. Its trade-weighted depreciation, as calculated by Morgan Guaranty of New York on noon rates, widened to 1.72 per cent. from 1.58 per cent. The Swiss franc continued to improve, finishing at Frs.2.6310, compared with Frs.2.6382½ on Monday.

Gold gained $⅜ to close at $138¾-139¼ but business remained quiet. The krugerrand finished at $142¼-144¼ (£70½-71½) for domestic delivery. The coin's premium over its gold content widened to 3.06 per cent. from 2.53 per cent. in the domestic market, and to 2.52 per cent. from 2.35 per cent. in international dealings.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to	Dec. 16	Dec. 15
Sterling	0.579589	0.579499
U.S. dollar	1.16880	1.16885
Belgian franc	46.3721	46.3917
Deutsche mark	3.09388	3.08167
French franc	5.23243	5.22330
Italian lira	800.102	799.902
Japanese yen	357.068	357.610
Dutch guilder	3.15576	3.13648
Swedish krone	—	5.16807

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Dec. 16	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf'rt	—	2.6365-75	58.90-69	6.64-65	5.310-315	97.75-85	100.0-10
N. York	37.92-94	—	22.36-38	2.621-525	2.0190-0200	37.02-04	37.96-98
Paris	169.525-925	4.4717-4617	—	11.562-.93	9.020-045	165.675-03	169.425-170
Brussels	15.03-06	39.66-69	8.86-88	—	79.95-80.05	14.65-71	15.04-07
London	5.31¼-32¼	2.018-019	9.02-03	80.00-20	—	5.44¼-45¼	5.30½-31½
Am'erdam	102.31½-365	2.6987-7012	60.29-34	6.798-805	5.4455-85	—	102.405-455
Zurich	99.87-100	2.6345-60	52.85-91	6.65¾-64¼	5.316-3205	97.61-71	—

U.S. $ in Montreal. U.S.-$=101.42-44 Canadian cents.
Canadian $ in New York $C=98.58-60 U.S. cents. U.S. $ in Milan 684.60
Sterling in Milan 1380.20.

EURO-CURRENCY INTEREST RATES*

Dec. 16 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	10¾-11	5-5½	7-8	5¾-6	3⅛-3⅜	⅜-⅝
7 days notice	10⅝-10⅞	5⅛-5⅝	8-9	5¾-6	3½-3¾	⅜-⅝
Month	10⅞-11¼	5⅞-6⅜	9¼-9½	5½-5¾	4-4 3/16	3⅛-3⅝
Three months	11⅛-11¾	6⅜-6⅞	9 3/16-9 7/16	5½-5¾	4-4 5/16	3⅝-3 15/16
Six months	11⅞-12¼	7¼-7¾	9⅝-9 15/16	5⅝-5⅞	4 3/16-4 7/16	3⅞-4
One year	12-12⅜	7⅝-8⅛	9 3/16-9¾	6-6¼	5¼-5⅝	4½-4¾

Euro-French deposit rate short-term 6¼-6¾ per cent.; seven days' notice 6¼-6¾ per cent.; one month 6¾-6⅞ per cent.; three months 7-7½ per cent.; six months 8¼-8¾ per cent.; one year 8½-8¾ per cent.

Longer-term Eurodollar deposit: two years 8⅜-8⅝ per cent.; three years 8⅞-9⅛ per cent.; four years 9¼-9¾ per cent.; five years 9½-9⅞ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 6-6¼ per cent.; three months 6¼-6½ per cent.; six months 6 15/16-7 1/16 per cent.; one year 7 9/16-7 11/16 per cent.

* Rates are nominal closing rates

† Short-term rates are call for sterling. U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—114% (115¼%).

NEW YORK

Stock	Dec. 16	Dec. 15
Addressograph	7½	7⅝
Aetna Life & Cas.	23½	23⅝

CANADA

GERMANY ◆

Dec. 16	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	86	+1.1	—	—
Allianz Versich.	464		17	1.8
B.M.W.	253	+2.5	14	2.7
BASF	150.7	+3.1	17	—
Bayer	125.6	+1.8	17	6.3

MILAN

Dec. 16	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	740	+20	—	—
ANIC	785	—15.2	60	7.6
Assonia Ass.	3,980	—10	130	3.2
Bastogi	1,213	-20	70	5.8
Breda	2,500	+5	165	6.0

AUSTRALIA

Dec. 16	Aust. $	+ or —
Acrow Australia	10.75	—
Adelaide Brighton Cement 50c	†1.04	—

JOHANNESBURG

PARIS

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ●

TOKYO ¶

STOCKHOLM

COPENHAGEN

SPAIN ♥

VIENNA

OSLO ◆

FARMING AND RAW MATERIALS

EEC to end trawler fuel aid

By Robin Reeves

BRUSSELS, Dec. 16.

EEC APPROVAL of fuel subsidies for trawlers will not be extended beyond the end of the year. This became clear here to-day when agriculture and fisheries ministers of the Nine failed to support a French bid for a further extension.

M. Marcel Cavaille, the French Secretary of State responsible for Fisheries, argued that cost difficulties in the French fishing industry were still grave and that the Brussels Commission should, therefore, prolong the period allowed for aid.

All other Common Market ministers argued against any extension, however, Ireland's vigorously so on the grounds that fuel subsidies were a distortion of competition. For the Commission, Mr. Pierre Lardinois, Commissioner responsible for agriculture, said he was prepared to study the situation in France, but warned that the French Government should not give any aid until this study was completed.

The French minister also sought extension of the ban on imports into France of tuna, granted by the Commission in the spring. But again it indicated that this was unlikely, since the market had improved.

Smaller wool clip forecast in Australia

SYDNEY, Dec. 16.

AUSTRALIAN WOOL production in 1975/76 would be 790.5m. kilos, compared with 792.2m. in 1974-75, said the Australian National Council of Woolselling Brokers' production forecasting committee.

Shorn wool, including crutchings, was expected to total ...6m. kilos (724.6m.).

The Council also said that wool sales rose to 1,440,484 bales in the first five months of the 1975/76 season to end-November, from 1,407,609 in the corresponding period last year.

Total proceeds in the five months rose to $A287.8m., from 250.8m., reflecting the sales increase and a rise in the average greasy price per kilo to 133.84 cents, from 124.63.

The Australian Wool Corporation is to give a practical demonstration of sale by sample at Mouscron in Belgium next March. Reuter

EEC beef plan completely unacceptable—Peart

BY ROBIN REEVES

BRUSSELS, Dec. 16.

THE EUROPEAN Commission's plan for phasing out beef deficiency payments in Britain next year in favour of EEC intervention buying—responsible for the Common Market's beef mountain—was "completely unacceptable." Mr. Fred Peart, the U.K. Minister of Agriculture, told the Council of Ministers here to-day.

In a hard-hitting reaction to the Commission's beef proposals in the EEC farm prices package for the 1976-77 season. Mr. Peart said he was astonished and surprised to see that the use of variable premiums to give farmers guaranteed prices was still being misunderstood and criticised.

He warned that the combination of phasing out deficiency payments, plus the "large" 8 per cent. rise proposed in the beef intervention price from end-March, was "bound to choke off demand for beef yet again and increase the difficulty and cost of managing the market." It would also undermine *producer confidence.*

But Mr. Pierre Lardinois, the Agriculture Commissioner, was unrepentant. He admitted that Britain's scheme had worked well, but "the beef market situation no longer justifies an exception to the rules in one EEC country," he stated bluntly.

Mr. Peart recalled the arguments used in Brussels last year against Britain being allowed a variable beef premiums scheme. Though it was eventually agreed to by reluctant Council and Commission under the duress of "renegotiation," the arguments were that the premiums would be too expensive and that different methods of market support in the EEC would distort competition.

"Yet the results of this regime have proved to be successful, not only for the U.K., but for the Community generally," he said. Although this year had been a difficult one for beef, the total cost of the premiums had not been excessive.

Competition

There had been no distortion of competition, but a firmer market which had benefited Ireland and other member States "In addition, beef has been available to consumers at reasonable prices, instead of being stockpiled and degraded," he said.

An assessment of the past year's beef experience, sent by Mr. Peart's Ministry to the Commission and other EEC members, estimates the total cost of beef premiums in 1975-76 at around £95m., of which £50m. was financed by Brussels.

If no premiums had been payable, the total cost of intervention would have been £80-£100m. almost all of it falling on the common farm fund. And without premiums the price of beef to consumers would have been substantially higher. The disadvantage to the consumer in such circumstances, is put at something over £100m.

As the Commission's plans stand, the price of beef in Britain will be forced up from its present level of around £21-£22 a live cwt. to an intervention level of £28.60 a cwt. by the middle of next May, by which time variable premiums would be phased out.

Mr. Peart was less critical of the Commission's proposals in the milk sector. He backed the plan to increase the price in two stages—2 per cent. in March and 4.5 per cent. in September.

But he questioned the main method chosen to dispose of the Community's 1.1m. tonnes skim milk powder "mountain"—by its compulsory incorporation in animal feed compounds. He thought it created considerable problems of enforcement.

Predictably, Mr. Peart called for a generous increase in the EEC's general consumer subsidy on butter, *even at the expense* of other proposals on milk. He welcomed the move to align feed wheat prices more closely with those of other feed grains but cautioned that support of milling wheat should not run counter to improved access for imported hard wheat.

Final details of the farm price package will not be decided until February at the earliest.

Fresh turkey prices soar at Smithfield

THE BIGGEST shortage of fresh turkeys at London's Smithfield Market since the war pushed prices up yesterday to their highest levels so far this year.

Wholesale prices rose as high as 48p to 50p a pound, but the average for hen birds was from 43p-48p a pound and for cock birds, 44p to 46p.

This means that retail prices will be 60p a pound or more, putting the cost of an average-sized bird at around £7. In one shop near the market, turkeys were priced at 69p a pound, with nothing on offer weighing less than 21lb.

The shortage of fresh birds began on Monday and took traders by surprise. Hopes that there would be a flood of supplies to the market yesterday, following price rises at the end of last week, were not realised. One leading wholesale poulterer said: "In 43 years at Smithfield, I have never seen turkey supplies so short."

Frozen oven-ready turkeys are still selling at between 39p and 42p a pound retail, but supplies are limited. Other Christmas birds are also making high prices. Geese, for example, are making 90p a pound in some shops.

Copper buffer stock could cost $6bn.

WASHINGTON, Dec. 16.

THE CAPITAL cost of a copper buffer stock large enough to retain price stability during peak demand periods could be as large as $6bn., Mr. J. Robert Vastine, of the U.S. Treasury, told an international metal commodities conference here.

He noted that only the tin agreement was functioning at present, thanks to the intelligence of the buffer stock management in co-operation with the U.S. tin stockpile disposal policy.

Mr. Vastine said the U.S. position was that international agreements should strengthen markets and not attempt to raise commodity prices above long-term market levels. Also, he claimed that the case-by-case approach must be taken.

The Treasury trade official said that both buffer stock and export control mechanisms in international commodity agreements had shortcomings. He noted that the cost of a stabilising buffer stock could be staggering.

Reuter

Colombian floods lift coffee

BY RICHARD MOONEY

RENEWED FEARS about the Colombian coffee crop boosted prices on the London terminal market yesterday. The March position rose to £796 a tonne at one stage, but eased later to finish £13 higher on balance at £787.5 a tonne.

The rise was largely based on private reports that flooding in Colombia may have affected as much as 30 per cent. of the country's coffee production. These brought a sharp advance on the New York market in late dealings on Monday night, after trading had finished in London, which *was carried over into the London* market yesterday morning.

The Colombian crop has been a constant factor in the coffee market since a local report last month indicated that heavy rains might have cut this year's crop by 20 per cent.

This figure was widely believed to be an exaggeration so the suggestion that 30 per cent. of the crop may now be affected, though also taken with a pinch of salt in some quarters, represents a major escalation in the gravity of the situation. The Colombian crop was originally forecast to reach 8.5m. tonnes this year.

Although prices moved up slightly in London on Monday many dealers felt that the market was due for a reaction after the recent steady rise. But the sharp increase following the reports from Colombia can be seen as an indication that traders are still ready to respond to "bullish" news.

The rise was aided by European roaster purchases, a departure from the recent tendency for roasters to stand off the market while prices are moving upwards. Dealers, nevertheless, feel that a downward reaction could follow once European roaster demand has been satisfied.

In Brazil, meanwhile, heavy rains are claimed to have accelerated the recovery of frost-damaged coffee trees. A U.S. Agriculture Department field despatch from Brasilia says coffee tree eradication has not been as heavy as was anticipated, reports Reuter.

● Cocoa prices jumped to new highs for the year on the London futures market yesterday, more than cancelling the previous day's losses. The March position gained £21.5, to £712.25 a tonne, nearly £10 above the peak reached last week.

The rise, which took some dealers by surprise, was attributed mainly to speculative buying meeting a reluctance to sell by the producing countries, despite the higher prices.

A firm tone in New York, after a quiet morning's trading session in London, triggered renewed interest and stop-loss buying by speculators.

THAILAND

Where rice is politics

BY RICHARD NATIONS IN BANGKOK

AT A TIME when Thailand's prime agricultural exports are sagging woefully, the Prime Minister, Kukrit Promoj, has announced a new farm pricing policy. He hopes that it will not only help to boost rice exports, but also lay the cornerstone for social reform which has become the hallmark of his administration.

In an effort to shift the terms of trade in favour of the farmer, the Government has laid down a minimum price for paddy of 2,500 Baht per kwien (£61 per 15 kilos). This price, which is 20 per cent. higher than last year's ruling market price for paddy, will come into effect at the beginning of next year when sales of Thailand's next major rice crop start.

In compensation for higher paddy costs and to keep Thai rice competitive on the world market, the Government has simultaneously halved the export premium and announced a 40 per cent. increase in the Government controlled price of rice sold to urban consumers.

These announcements come at a time when record rice harvests in other countries, plus political changes following the fall of Indochina have combined to upset Thailand's leading position in its traditional rice markets.

The Thais have faced tough competition from the Chinese, whose record harvest of 116m. tonnes of paddy has helped it to undersell Thai rice in Hong Kong, Singapore and Malaysia, which previously accounted for about 30 per cent. of Thailand's rice exports.

'Client states'

The collapse of American "client states" in Indochina has diverted over 400,000 tons of U.S. commodity aid rice from this region into the commercial markets of the Middle East, where the Americans can offer better credit facilities to make its rice more attractive than Thailand's.

The Chinese on the other hand have helped to pick up some of the Thai rice they themselves commercially displaced from south-east Asian markets through a barter agreement with the Thai Government, trading Chinese crude oil for 200,000 tons of Thai rice.

It is understood here that the Chinese intend to ship a large proportion of this rice to the Indochinese states as aid. But so far only 30,000 tons have moved—6,000 to Laos and the remainder to Shanghai—delayed partially by the continuing tension on the Laos-Thai border which has stopped the transit of goods between the two countries.

The Indian subcontinent has also come to the aid of distressed Thai exporters. Recent bad harvests in that region have resulted in orders for 200,000 tons *of Thai rise from* India, 100,000 tons from Sri Lanka and 14,000 tons from Bangladesh.

However, even with the combined help of Chinese and south Asian orders, the Thais face a grim shortfall of around 30 per cent. of anticipated rice exports this calendar year. Of the 1.2m. tons of exportable surplus, only 870,000 tons are expected now to actually move out of Thai ports by the end of December, reducing export earnings by nearly 40 per cent. compared with 1974 figures, from 9,551m to 5,959m Baht (£233m. to £145m.).

With another bumper crop of over 14m. tons expected by the end of March 1976, the Government's new pricing policy attempts to protect the farmer from falling prices for paddy as well as to reduce costs for exporters facing a sluggish and competitive world market.

The key lies in halving the premium levied on rice exports, which traditionally acted as a concealed tax on the farmers and subsidised low consumer rice prices for Bangkok and other urban areas.

The guaranteed paddy price is the latest move in the development of Prime Minister Kukrit's new deal for rural Thailand—long squeezed by Bangkok and the Thai commercial classes. The new deal also includes larger budget allocations for rural health and education, subsidised credit and eventually land reform.

The aim of the package is not only to provide incentives and cash for farm investment, and hence higher productivity and output, but also to defuse the social unrest underlying a robust and worrisome rural insurgency.

Urban prices

But someone will have to pay the cost of guaranteed farm prices, a fact of life which most administrations in the past have tried to avoid admitting publicly. Kukrit, however, faced necessity squarely and announced a 20 per cent. increase in the Government-controlled urban retail rice price at the same time as laying the floor for paddy prices.

The Government's intention is reportedly to phase out price controls altogether in the near future so that urban rice prices will rise to market levels.

For the time being, experts here fear that the combined effects of a higher retail price and a lower export premium may not compensate mill owners for paying higher paddy prices, thus making Thai rice exports even less competitive.

Despite the grumbles, nearly everyone in Thailand—where rice is politics—from the farmers' association to the chairman of the rice export board is pleased that they have a Prime Minister with the courage to lay down the country's first consistent pricing policy and face the hard political challenge of improving depressed farm incomes at the cost of higher consumer prices.

Boost for U.S. grain exports likely

WASHINGTON, Dec. 16.

U.S. FEED grain exports—particularly maize—could receive a boost soon as a result of Government actions disclosed to-day, informed sources said.

One move authorised the U.S. Agriculture Department to increase its lending limit under this fiscal year's short-term export sales credit programme by an extra $110m.

A second action, which officials hoped would be formally announced within the next 24 hours, would reinstate feed grains, for the first time in two years, as eligible commodities under the programme which granted credit of up to three years to finance export sales of specified U.S. farm commodities.

Officials estimate that, so far, about $450m. worth of credit have been allotted from this year's funds, mostly to finance exports of cotton, rice and tobacco. Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Edged higher on the London Metal Exchange. After a hesitant opening *following the lower U.S. market overnight* prices turned upwards owing to persistent buying from two quarters which pushed forward metal up to £584 at one time before it ended at £582 on the afternoon Kerb. Turnover, excluding Kerb dealings, 12,375 tonnes.

In the morning cash wirebars traded at £561.5, three months £581, 81.5, 82, 82.5. Cathodes: cash £550, 49.5, three months £570. Second ring: Wirebars: Mid-Feb. £577.5, three months £582.5, 83, 83.5. Cathodes: three months £570.5. Afternoon: Bars: cash £563, 63.5, 63, late-Dec. £566, three months £583, 83.5, 84, 83.5, 83. Cathodes: cash £550, three months £570. Second ring: Bars: Mid-Feb. £576, 5, late-Feb £578, three months £583, 82.5, 82. Cathodes: three months £569.5.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Wirebars				
Cash	561.5 2	+1.5	562.5-3	+2
3 months	582-.5	+2	583-.5	+2.5
Settlem't	562	+1.5	—	......
Cathodes				
Cash	549.5-50	+1.5	549.5-50	+1
3 months	570-.5	+2	570-.5	+1.75
Settlem't	550	+1.5	—	......
U.S. Smt.	—	......	*63-63.7	......

TIN—Irregular. The further rise in Penang overnight held the forward price steady here but cash metal declined owing to freer offerings which caused a further widening of the contango. The decline in cash metal was halted by signs that the buffer stock manager was willing to enter the market at around the £3,075 level to support the price although no buying was reported from that quarter. Turnover, excluding Kerb dealings 680 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	3075-8	−15	3075-85	−7.5
3 months	3145-8	−8.5	3148-9	+1
Settlem't	3078	−16	—	......
Standard				
Cash	3075-8	−16	3075-85	−7.5
3 months	3145-8	−8.5	3148-9	+1
Settlem't	3078	−15	—	......
Straits E.	‡8970	+5	—	......
New York	—	......	*303.5	−0.5

Morning: Standard: cash £3,080, 78, three months £3,160, 55, 52, 45, 48, 45. High Grade untraded. Second ring: Standard: three months £3,146, 47. High Grade nil. Afternoon: Standard: cash untraded, three months £3,146, 50, 48. High Grade untraded. Second ring: Standard: three months £3,148. High Grade nil.

LEAD—Rallied. There being no follow through to the selling which accompanied news of the price cuts by Asarco and NL Industries, values turned upwards helped by modest trade buying and the firmer tone of zinc. Turnover, excluding Kerb dealings 2,100 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	162.25-.5	−1.25	164-½	+1⅝
3 months	169.75-70½	−1.625	171.25-½	+1⅝
Settlem't	162.5	−1.25	—	......
N.Y. Spot	—	......	19-22¾	......

Morning: cash £162.25, 62.5, 62.75, 62.5, 62.25, three months £170. Second ring: Late-Jan. £166.5, early-Feb. £167. Three months £170. Afternoon: cash untraded, three months £171.5. Second ring: Three months £171.25, 71.5.

ZINC—Influential buying, thought to have been on producer account, in both cash and forward metal took prices higher and prompted short covering with values ending at around the day's highest. Turnover, excluding Kerb dealings, 4,650 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	341-.5	+.825	341-.5	+2.5
3 months	351.5-2	+1	352.5-3	+3.5
Settlem't	341.5	+.75	—	......
Prm. West	—	......	*38½-9	......

Morning: Cash £340, 41, 41.5, 41, 41.25, three months £351.5. Second ring: Three months £352. Afternoon: Cash £341.5, 41, 41.25, late-Dec. £342, three months £352.5, 52, 52.5, 52.75. Second ring: Early-Feb. £347, three months £352.5.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 1.7p an ounce higher for spot delivery in the London bullion market yesterday, at 198.1p. U.S. cent equivalents of the fixing levels were: spot 398.5c, up 3.5c; three-month 405.5c, up 3.3c; six-month 413.3c, up 3.4c, and 12-month 431.3c, up 3.2c. The metal opened at 197-198p (397-399c) and improved to 199-200p (401½-403½c) at the close.

SILVER per troy oz.	Bullion fixing prices	+ or −	L.M.E. close	+ or −
Spot	198.1p	+1.7	198.95p	+4.55
3 months	203.5p	+1.7	204.55p	+4.85
6 months	209.4p	+1.7	......	......
7 months	—	......	212.65p	+4.4
12 months	222.6p	+1.7	—	......

LME—Turnover 84 (120) lots of 10,000 ozs. Morning: Three months 204.0, 03.8, 03.9, 03.8, 03.7, 03.8, 03.5, 03.6, 03.5. Kerbs: Three months 203.2, 3.1, 3.3, 3.4. Afternoon: Three months 204.7, 04.6. Kerbs: Early Jan. 200.3; three months 204.7, 04.8, 04.6, 04.5, 04.7, 04.8.

COCOA

After quiet trading in the morning, short covering on December 1975 in New York gave rise to a sharp advance. Life of contract highs were recorded and values closed steadily on the highs of the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
No.4 Contract			
December	742.0-44.0	+14.25	744.0-20.0
March	712.0-12.5	+21.5	713.0-684
May	688.0-88.5	+18.25	689.0-63.0
July	673.5-74.0	+16.5	674.0-53.0
September	660.0-61.0	+13.5	661.0-48.0
December	646.0-47.0	+11.5	646.0-32.0
March	640.0-43.0	+10.0	—

Sales: 3,640 (2,281) lots of 10 tonnes.

International Cocoa Agreement prices: Daily 59.33 (60.46) U.S. cents per pound; indicator 15-day average 59.53 (59.53); 22-day average 56.08 (55.91).

COFFEE

Private reports that flooding in Colombia may have affected as much as 30 per cent. of coffee production brought very steady but unsettled conditions to the Robusta terminal in the morning. Support was mixed although trade and speculative buying, plus short-covering, featured notably.

Prices continued to firm in the afternoon on renewed speculative and chart support, although jobber profit-taking pared the rise in late dealings.

Certain dealers said that the market also reacted bullishly to indications of generally late crops in central southern America and expectations that the U.S. would be forced into the market at high prices now reportedly being paid by European consumers.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
January	776-778	+9.5	787-775
March	787-788	+13.0	796-787
May	793-795	+14.0	801-793
July	799-800	+12.0	806-799
Sept	805-806	+14.5	812-805
November	809-810	+15.5	815-810
January	812-815	+17.0	—

Sales: 2,545 (826) lots of 5 tonnes.

Latest published ICO indicator prices. U.S cents a pound, Colombian Mild Arabicas 96.00 (92.75). Other Mild Arabicas 84.50 (82.50). Unwashed Arabicas Santos Fours 100.50 (97.50). Robustas 74.00 (72.63). Daily average 88.25 (85.92).

ARABICA CONTRACT (in order buyer, seller, sales)—Dec. 94.00-99.00, 10; Feb. 95.00-99.00, nil; April 96.00-96.50, nil; June 96.80-97.00, 2; Aug. 97.30-97.50, 1; Oct. 96.00-96.50, 6; Dec. 98.50-99.50, nil. Sales 19.

RUBBER

STEADY opening to the London physical market. Quiet conditions throughout the day; closing inactive. Lewis and Peat reported a Malaysian godown price of 161 cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
Jan.	56.95-57.00	56.40-56.45	56.60
Feb.	57.08-57.10	56.95-57.00	—
Jan.-Mr.	57.05-57.1	56.91-57.00	57.10-57.00
Apr-Jne	58.55-58.65	58.25-58.55	58.60-58.50
Jly-Sept	59.65-59.70	59.41-59.45	59.75-59.45
Oct-Dec	40.65-40.70	40.41-40.50	40.75-40.45
Jan-Mr.	41.60-41.65	41.40-41.55	41.75-41.65
Ap-Jun.	42.05-42.40	41.95-42.40	—
Jly-S'pt	42.65-42.7	42.55-42.60	—

Sales: 134 (91) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 35.5p (35.25p); Jan. 34.25p (33.85p); Feb. 35p (34.5p).

SOYABEAN MEAL

Market moved higher due to further trade buying interest and partly in sympathy with strength in the Chicago silver market, reports SNW Commodities.

	Yesterd'ys Close	+ or −	Business Done
	Per tonne		
December	88.00-90.00	+4.25	—
February	83.20-83.80	+1.5	83.80-82.70
April	84.00-84.40	+1.45	85.30-84.40
June	84.80-86.40	+1.85	—
August	85.80-88.40	+1.85	—
October	86.70-87.50	+1.60	—

Sales: 52 (80) lots of 100 tonnes.

FREIGHTS

DRY CARGO—Very dull conditions persisted in North American grain section. With Christmas and New Year holidays approaching, few brokers anticipate any pick-up in activity or improvement in inquiry in the next few weeks.

Indian Government brokers remained open for grain from Pacific coast and Australia, but appeared to have completed current requirements from U.S. Gulf. A cargo of grain was booked from St. John or Halifax to West Italy at $8.15 f.i.o. for Dec.-Jan.

Other business included 32,000 long tons coal from Norfolk to Antwerp, Rotterdam or Amsterdam, option German North Sea, at $155,000 f.i.o. for Dec. and citrus pellets from Tampa to Amsterdam at $12 f.i.o. for Dec.-Jan.

Timecharterers fixed a vessel of 14,180 long d.w.t. for a voyage from Continent to Singapore-Japan, via Poland, at $3,325 daily spot and a vessel of 25,328 long d.w.t. for a South American round voyage at $3,650 daily, including overtime, delivery Rotterdam Dec. re-delivery Sicily/Cape Passero range.

SUGAR

LONDON DAILY PRICE (raw sugar) £163 (£162) a ton c.i.f. for Dec.-Jan. shipment. White sugar daily price was fixed at £177 (same).

Initial offer of March was unchanged. Thereafter market began to slip under some trade selling pressure. Higher than expected New York advices later steadied prices and, by the close, arbitrage buying and short covering had pushed market back to £166, C. Czarnikow reports.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
March	165.95-66.00	163.05-65.2	167.00-62.50
May	166.7-66.8	163.55-63.75	166.70-62.00
Aug.	166.75-67.00	164.90-64.85	167.25-65.75
Oct.	166.50-66.75	164.05-64.25	166.10-64.10
Dec.	166.50-67.00	164.00-64.50	166.05-64.50
March	167.00-68.00	164.00-64.25	166.50-64.25
May	166.00-67.00	165.50-64.00	—

Sales: 2,466 (2,520) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £212.20 (same) a long ton for home trade and £248 (£247) a long ton for export.

EEC IMPORT LEVIES for white and raw sugar denatured and non-denatured effective Dec. 17. Figures in units of account per 100 kilos (previous in brackets): White—6.45 (unchanged). Raw—4.61 (4.97).

WOOL FUTURES

LONDON—Market featureless, Bache reports.

(Pence per kilo)

Australian Greasy wool	Yesterd'ys close	+ or −	Business Done
December	160.0-70.0	......	—
March	171.0-75.0	......	—
May	175.0-76.5	−1.25	—
July	177.0-78.0	−0.5	—
October	187.0-89.8	......	—
December	189.5-91.0	+0.75	—
March	191.0-92.5	+0.25	—
May	193.0-95.0	+0.5	—

Sales: Nil (5) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business)—Dec. 245.5-246.0, 246.0-245.5; March 258.5-259.0, 260.0-258.5; May 268.5-269.0, 269.3-268.2; July 274.7-275.0, 275.1-274.3; Oct. 279.0-280.5, 279.5-279.0; Dec. 284.0-285.0, 285.0-283.5; March 286.0-287.0, 287.5-286.0; May 288.5-289.0, 289.0-287.5. Sales: 231.

GRAINS

THE BALTIC—North American milling wheats attracted some consumer demand, but the imported coarse grain market remained quiet.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Jan. 63.60, March 65.35, May 67.05, Sept. 65.30, Nov. 67.20. Business: Jan. 63.75-63.60, *March 65.65-65.30, May 67.65-66.85, Sept.* 65.25-65.05, Nov. 67.25-67.05. Barley, steady. Close: Jan. 63.25, March 64.40, May 66.35, Sept. 64.75, Nov. 66.85. Business: Jan. 62.20-61.95, March 64.40-64.10, May 66.30 only, Sept. 64.75-64.55, Nov. 66.65-66.55.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., March £95.20, April £95.65 direct Tilbury, April-early May £93.65, May £93.60, June £93.95, July £94.30 transhipment East Coast. EEC feed Dec. £63.25, Jan. £64.75 transhipment East Coast.

Maize—No. 3 Yellow American/French Dec. £66.15, Jan. £66.50, Feb. £67.25 transhipment East Coast. South African White Jan. £68.25, Feb. £68.50, March £68.75 U.K. South African Yellow Jan. £67.25, Feb. £67.50, March £67.75 U.K.

Barley—EEC feed Dec. £65.75, Jan. £66.50 West Coast. Rest unquoted.

HGCA—Location ex-farm spot prices: Soft milling wheat—Gloucester £62.90. Feed wheat—Gloucester £61.30; Humberside £62.90. Feed barley—Gloucester £60.60; Humberside £60.45.

MEAT/VEGETABLES

SMITHFIELD—(pence per pound)—Beef: Scotch killed sides 38.0 to 41.0, English hindquarters (heavy) 45.0 to 48.5, Ulster hindquarters 46.0 to 48.0; forequarters 25.0 to 28.0, Eire hindquarters 46.0 to 45.0, forequarters 25.0 to 28.0. Lamb: English small 33.0 to 36.0, higher quality small 37.0, Medium 32.0 to 35.0, Heavy 27.0 to 32.0, Scotch Medium 32.0 to 34.0, Heavy 28.0 to 32.0, Hill 36.0 to 38.0; Imported frozen: NZ D's 33.5 to 34.0, 2's 31.8 to 32.0, 3's 30.0 to 30.5, YL's 30.0 to 30.5, YM's 29.5 to 30.5. Ewes: 18.0 to 20.0, higher quality ewes 22.0. Pork: English, under 100 lbs 31.0 to 38.0, 100-120 lbs 32.0 to 38.5, 120-160 lbs 30.0 to 37.0, 160-180 lbs 28.5 to 34.0, 18 lbs and over 29. to 31.5.

POULTRY (Grade A): Fresh—Chickens 2-3 lb 20.0 to 22.0, 3-4 lb 20.0 to 22.5, 4-5 lb 19.0 to 23.0, 5-6 lb 22.0 to 26.0: Ducklings 4-5 lb 24.0 to 28.5, over 5 lb 26.0 to 28.5: Turkeys—hens 9-13 lb 38.0 to 48.0, hens 13-16 lb 36.0 to 48.0, hens over 16 lb 33.0 to 44.0, cocks 20-25 lb 33.0 to 43.0, cocks over 25 lb 33.0 to 43.0. Oven-ready—*Chickens up to 2½ lb 25.0 to 26.0, 2½-3 lb* 23.0 to 25.0, 3-3½ lb 22.0 to 23.0, 3½-4 lb 21.5 to 23.0, over 4 lb 23.0 to 26.0: Ducklings up to 4 lb 37.5 to 37.5, over 4 lb 37.5 to 37.5: Turkeys 4-7 lb 33.0 to 39.0, 7-12 lb 37.0 to 42.0, 12-19 lb 37.0 to 40.0, 19-25 lb 40.0 to 44.0, over 25 lb 40.0 to 45.0.

MEAT COMMISSION—Average fatstock prices at representative markets on December 16: U.K.—Cattle £23.48 per live cwt. (+0.66): sheep 39.6p per pound e.d.c.w. (no change): pigs £5.04 per sc.l.w. (+0.14). England and Wales—Cattle numbers down 13.4 per cent., average price £23.49 (+0.81): sheep numbers down 20.3 per cent., average price 39.6p (+0.1): pig numbers up 8.6 per cent., average price £5.02 (+0.14). Scotland—Cattle numbers up 2.5 per cent., average price £24.30 (+0.46): sheep numbers down 15.5 per cent., average price 36.7p (−1.7): pig numbers up 30 per cent., average price £5.34 (+0.06).

COVENT GARDEN (Prices in sterling)—Imported produce: Oranges—Spanish: 2.80-3.40: Jaffa: Shamouti/Navels 2.65-3.50: Egyptian: 2.80-3.20. Satsumas—Spanish: Per tray 2.70-3.00. Clementines—Cypriot: 2.70-3.70; Moroccan: 3.30-3.90; Algerian: 3.00-3.60. Lemons—Italian: 3.30-3.60: South African: 3.00-4.00; Greek: 3.00-3.60; Cypriot: 3.20-3.60. Grapefruit:—Cypriot: 2.20-3.20; Jaffa: 2.70-3.20; Florida: Ruby 3.50. Apples—French: Per 20 lbs Golden Delicious 72/84 1.80-1.70, Starking 1.80-2.00, Granny Smith 72/84 2.30-2.60; Italian: Per pound Belforts 0.07, Rome Beauty 0.08, Jonathans 0.07. Pears—Italian: Per pound Passacrassane 0.09-0.10. Melons—Spanish: Per 10 kilos 4.00, 15 kilos 6.75-7.00. Bananas—Per 28 lbs Windward Islands: 2.70; Jamaican: 2.60. Peaches—South African: 3.00-3.50. Grapes—Spanish: Per pound Almeria 1.70-2.00, Black 1.60-1.90: Californian: Per 28 lbs Red Emperor 5.50. Dates—Californian: Per carton 0.19; Iraqi: Per packet 0.08; Algerian: 0.25-0.28. Tomatoes—Spanish: 2.70-2.80. Onions—*Spanish: 4/5 4.80-5.50: Dutch: 3.00-3.40:* Polish: 3.80-3.90. Cucumbers—Canary: 2.50-2.70. Cranberries—U.S.: Per 6 ozs 19 2.16, 16 ozs 24 5.04. Almonds—Cypriot: Per pound Semi Soft 0.23. Brazil Nuts—LWM per pound 0.18-0.20. Chestnuts—Italian: 3.20-4.20. Potatoes—Italian: Per 20 lbs 3.00.

English produce: Mushrooms—Per pound 0.25-0.30. Lettuce—Per 12, round 0.90. Potatoes—Per 56 lbs Whites 3.20, Edward 3.70. Cabbages—Per bag Primo 0.90-1.00. Apples—Per pound Cox's Orange Pippin 0.09-0.12, Russets 0.07-0.08, Bramley's 0.07-0.10, Derby's 0.07, Laxton's 0.09. Celery—Per 12, 0.90, prepacked 20/25 2.50-2.60. Sprouts—Per pound 0.07-0.09. Onions—Per 56 lbs 3.00-3.40. Swedes—Per 28 lbs Devon 0.60. Carrots—Per 28 lbs 0.60-0.70. Pears—Per pound Conference 0.11-0.13, Comice 0.14-0.15. Cauliflowers—Per 12, Lincoln 1.80, Kent 2.40. Rhubarb—Per 14 lbs 0.18 per pound. Beetroot—Per 12 lbs 0.70.

JUTE

DUNDEE—Firm. Prices c. and f. U.K. for Dec.-Jan. shipment: BWB £190, BWC £191, BWD £182. Tossa: BTB £201, BTC £193, BTD £184. Calcutta goods firmer. Quotations c. and f. U.K. for Dec. shipment: 10-oz. 40-inch £7.17, 7½-oz. £5.36 per 100 yards. Jan. £7.31 and £5.48, Feb.-March £7.45 and £5.62. "B" twills: £22.06, £22.19 and £22.37 for the respective shipment periods. Yarn and cloth firm.

LONDON—Quiet. Bangladesh White "C" grade Dec.-Jan. £195. "D" grade Dec.-Jan. £188. A long ton.

CALCUTTA—Steady. Indian Jan. Rs.460.00 value. Dundee Daisee Jan. Rs.430.00 value. A bale of 400 lbs.

COTTON

Spot and shipment sales in Liverpool amounted to 298 tonnes, bringing the total for the week so far to 947 tonnes. Scattered operations in Central and North American qualities brought most of the off-take, with spinners still operating for delivery well into next year. The call for Middle Eastern types was again well maintained, F. W. Tattersall reports.

★

MCA CHANGES—The Intervention Board for Agricultural Produce said it has been advised that monetary compensation amounts (MCAs) for the U.K. and Ireland are unlikely to change for the week commencing December 22.

★

HIDES—Manchester. Demand generally reasonable but at lower levels. Second clear ox 31-35½ kilos, 31p per kilo. 26-30.5 kilos 33.6p. 22-25.5 kilos 37.7p withdrawn; Light cows 32.1p. No calf offered.

★

COPRA—Philippines: Dec.-Jan. $207½ resellers per tonne c.i.f. North European ports.

PRICE CHANGES

Prices per ton unless otherwise stated.

	Dec. 16 1975	+ or −	Month ago
Metals			
Aluminium (w)	£420	......	£396
Free Market (cif)	£335-345	......	£303-320
Copper§			
Cash Wire Bars (w)	£562.75	+2.0	£578
3 months do. do. (w)	£583.25	+2.5	£598.75
Cash Cathode (w)	£549.75	+1.0	£564.75
3 months do. (w)	£570.25	+1.75	£585.25
Gold ...... Troy oz.	$139	+0.75	$141.75
Lead Cash (w)	£164.25	+1.82	£164.625
3 months (w)	£171.375	+1.375	£171.625
Nickel (w)	£2,415	......	£2,481
Free Market (cif)(lb)	$1.85-2.0	......	$1.8-1.9
Platinum(w)troy oz.	£76½-81½	......	£75½-80½
Free Market	£70.7	+0.05	£70.9
Quicksilver(76lb)(w)	$75-80	−2.5	$80.85
Silver Troy oz.	198.1p	+1.7	212.3p
3 months	203.5p	+1.7	218.9p
Tin Cash (w) §	£3,080	−7.5	£3,187.5
3 months (w)	£3,148.5	+1.0	£3,148.5
Wolfram 22.04lb. cif	£42.5-44	......	£42-45.5
Zinc Cash (w) §	£341.25	+2.5	£345.75
3 months (w)	£352.75	+3.5	£367.5
Producers (w)	*£390*	......	*£390*
Oils			
Coconut Malayan	‡	......	‡
Groundnut			
6%	£387	......	£400
Linseed Crude (w)	£377	......	£400
Palm Malayan (w)	£182	......	£188
Soya bean (w)	‡		‡
Seeds			
Copra Philipp ton	$207.5	......	$197.5
G'nuts Nigerian	‡	......	‡
Linseed Can No. 1	£150	......	£151.25
Grains			
Barley EEC	£65.75	......	‡
Home Futures	£62.25	+0.25	£60.40
Maize			
French No. 3 Am.	£66.15	......	£65.25
S.A. Yellow	£67.25	......	£71.5
Wheat			
No. 1 Red Spring	‡	......	‡
No.2 Hard Winter	‡	......	‡
Australian(f.a.q.)	‡	......	†
English Milling	£67½	......	£64.5
Cocoa Shipment (w)	£731	+17	£649.5
futures March	£712.25	+21.5	£612.75
Coffee Shipment (c)	‡	......	‡
futures Mar. (w)	£787.5	+13.0	£703
Cotton 'A' index			
cent	58.25	+0.66	55.15
Jute LJABWC (d)	£195	......	£195
Rubber ...... kilo	35.5p	+0.25	33.75p
Sisal SA3L (w)	$600*	......	$600
Sugar (Raw)	£163	+1.0	£152
Wooltops 64s ... kilo	210p	......	204p
Cloves (Madagasca)	£2,480	......	£2,550
Pepper White ... ton	£925	......	£925
Black ... ton	£730	......	£715

Prices per ton unless otherwise stated. * Nominal. † Seller. § Unofficial close. ♣ Indicative price. *b* U.K. and Commonwealth refined. *c* Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. *d* Bangladesh white "C." ‡ Unquoted. *a* Seller's quotation. *h Jan.-March.* w Metric tons. *r* Sept.

FINANCIAL TIMES

Dec. 16	Dec. 15	Month ago	Year ago
171.72	170.26	167.96	186.08

(Base: July 1, 1952=100)

REUTER'S

Dec. 16	Dec. 15	Month ago	Year ago
1168.3	1160.5	1130.4	1186.5

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	Dec. 16	Dec. 15	Month Ago	Year ago
Spot	295.37	295.14	285.99	376.67
Futures	282.75	282.15	276.08	345.18

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 16	Dec. 15	Month ago	Year ago
Sple Comm'ty	751.1	745.5	736.5	806.1

(Dec. 31, 1931=100)

GRIMSBY FISH—Supply moderately good. Prices at ships side (unprocessed) per stone: Shelf cod £2.00-£2.50. Codlings £1.60-£2.00, Large shelf haddock £2.40-£2.80, medium £2.20-£2.40, small £1.80-£2.00, large plaice £3.30, medium £3.30, best small £3.00. Medium skinned dogfish £2.60, large £4.00, lemon soles £3.60, rock fish £1.50-£1.80, reds £1.40-£1.60, saithe £1.60-£1.80.

U.S. Markets

Grains firm after cattle and feed reports

NEW YORK, Dec. 16.

GRAINS were firm on local and Commission House buying following constructive cattle and feed reports. Coffee again closed steady on carry-over of Commission House buying. Good Commission House buying held cocoa strong despite trade selling. Sugar closed weak on trade selling at the close, Bache reports.

Cocoa—Ghana spot 78 nom. (74). Bahia spot 69 (67). Dec. 66.75 (64.75). March 62.75 (60.90), May 59.70, July 58.20, Sept. 56.70, Dec. 54.90, March 53.50, May unq. Sales: 1,173.

Coffee—Dec. 93.50-94.00 (93.50), March 96.10-96.00 (95.45), May 96.35-96.25, July 97.35-97.30, Sept. 97.75-98.30, Dec. 98.75-98.90. Sales: 751.

Copper—Dec. 52.70 (52.50), Jan. 52.80 (52.60 settlements), Feb. 53.20, March 53.60, May 54.60 settlements. Sales: 1,352.

Cotton—March 59.65-59.75 (60.41), May 60.25-60.30 (60.65), July 60.70, Oct. 57.75-55.00, Dec. 56.38, March 56.75-56.90, May 56.85-57.20. Sales: 2,650.

ΦGold—Dec. 138.30 (137.60), Jan. 138.60 (137.80), Feb. 138.90, April 140.10, June 141.50, Aug. 143.00, Oct. 144.60, Dec. 146.30, Feb. 148.00, April 149.70. Sales: 1,287

Greasewool—Spot 170.0 nom. (same), March 163.0-165.0 (163.0), May 160.0-164.0 (161.0), July 158.0-160.0, Oct. 157.0-168.0, Dec. 152.0-161.0, March 154.0-162.5, May 151.0 bid.

†Lard—Chicago loose 16 (same). NY prime steam 17½ traded (17½ nom.).

††Maize—Dec. 255 (250-250½), March 262½-263 (259½-259½), May 267-267½, July 270½, Sept. 267½-268, Dec. 261, March 268.

‡Platinum—Jan. 143.70 (143.30), April 146.00 (145.60), July 149.00, Oct. 152.00, Jan. 155.20, April 158.70. Sales: 45.

‡‡Silver—Spot 402.00 (391.00). Dec. 403.30 (394.10), Jan. 404.20 (395.00), Feb. 407.00, March 409.30, May 416.40, July 423.00, Sept. 429.60, Dec. 439.90, Jan. 443.20, March 450.00. Sales: 26,148.

*Soyabeans—Jan. 454-455 (445½), March 464-465 (455), May 473-472½, July 481-482, Aug. 486, Sept. 492, Nov. 497½-497, Jan. 505.

*b*Soyabean Meal—Dec. 119.50-120.00 (117.00), Jan. 123.50 (124.70), March 131.40-131.20.

Soyabean Oil—Dec. 16.20-16.35 (16.00), Jan. 16.25-16.30 (16.10), March 16.25-16.35, May 16.45-16.50, July 16.70, Aug. 16.70, Sept. 16.70, Oct. 16.65-16.70, Dec. 16.65-16.70.

Sugar—Spot 14.15 (13.90). Jan. 13.90 nom. (13.87), March 13.77-13.65 (13.97); May 13.69-13.60, July 13.75-13.70, Sept. 13.69, Oct. 13.65-13.62, March 13.78, May 13.64. Sales: 4,660.

Tin—295.00-312.00 asked (295.00-313.00 asked).

**Wheat—Dec. 328 (321½), March 336½-337 (333), May 342-341½, July 345½-345, Sept. 351.

WINNIPEG, Dec. 16. ††Rye—Dec. 227 (228½), May 237½ (237½), July 236½ bid, Oct. 230.

*c*Oats—Dec. 161½ bid (159), May 152½ (149½), July 149½ nom., Oct. unq.

§Barley—Dec. 250½ (249½), May 233 (231), July 230 nom.), Oct. unq.

*d*Flaxseed—Dec. 613 bid (609), May 633½ (624), July 636 asked, Oct. 626 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 474½ (510½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡Cents per troy ounce ex-warehouse. *b* New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. *c* Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. *d* Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Equity markets undeterred by Chrysler statement

Share index up 4.3 at 367.8—Gilts quietly firm

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 1	Dec. 10	Dec. 11	Dec. 22
Dec. 12	Dec. 23	Dec. 24	Jan. 7
Dec. 29	Jan. 8	Jan. 9	Jan. 20

*" New time " dealings may take place from 9.30 a.m. two business days earlier.

Equity markets made further progress yesterday but in a continuing paucity of business. After an extremely quiet start, leading Industrials met fresh scattered buying and prices edged higher. News of the Government's statement on the Chrysler situation, which came after the House close, prompted dealers to mark prices lower, but buyers were showing interest at the lower levels and the final tone was fully firm. The FT 30-share index closed 4.3 higher at 367.8.

Gilts made a quietly firm showing, closing with widespread gains ranging to ¼. The Government Securities index improved 0.10 to 58.51. As with the equity leaders, the Chrysler statement had no adverse effect on sentiment.

Second-line equities fared little better in the way of activity than the leaders. Nevertheless, overall conditions were firm, this being reflected in a majority of rises over falls by nearly 2-1 in FT-quoted Industrials. Official markings of 4,544 (the lowest recorded for more than three months) compared with 5,335 on Monday and 5,654 a week ago.

Gilts generally firm

A more general firmness in British Funds took in long-dated issues, which benefited owing to a switch of interest away from the recently popular near-medium stocks. The latter were unusually quiet and unaltered, while gains of ¼ appeared against longer-mediums and most longs. At the shorter end of the market, the tendency was initially encouraged by the Government broker withdrawing from selling supplies of the short "tap," Treasury 10½ per cent., 1979, "A" at 95$\frac{9}{16}$: it was generally assumed that he would resume operations at 95⅝. However, demand was not followed through and the tone eased before improving again after the Chrysler statement which, at first glance, appeared not as bad as it might have been.

Among recently-issued Fixed Interest stocks, Pentos 15 per cent. Convertible, issued in connection with the acquisition of Marshall Morgan and Scott, made its debut at £93.

The day in the investment currency market was uneventful and the premium drifted downwards to close a net 1¼ lower at 114 per cent. Yesterday's SE conversion factor was 0.6054 (0.5999).

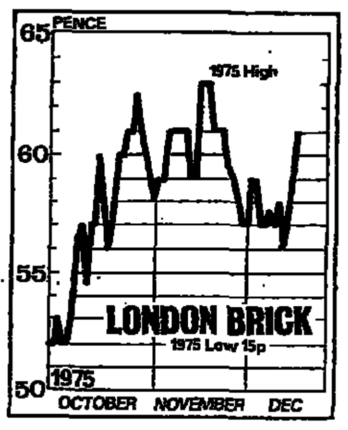
Home Banks harden

Home Banks experienced another idle trading session, although a firmer tone prevailed with prices hardening to record gains of up to 5, as in National Westminster, 240p. Barclays appreciated 4 to 298p and Lloyds 3 to 232p, while Midland put on 2 to 282p. Standard and Chartered recovered 7 to 487p among Overseas issues, but Hongkong and Shanghai Banking receded 6 to 294p, Bank of New South Wales 20 to 650p, and National Bank of Australasia 7 more to 293p. Discount Houses managed improvements of 3 in Alexanders, 218p and Union 338p. The only movement worthy of note in quiet Merchant Banks was a fall of 10 to 160p in Arbuthnot Latham, reflecting selling in a thin market. Hire Purchases finished modestly firmer following a little fresh support on hopes of a relaxation in H/P controls. UDT added a penny at 17p and Lloyds and Scottish 2 at 74p.

Life Offices hardly stirred all day, although Composite Insurances attracted a modicum of buying interest and edged up a few pence. General Accident added 4 at 158p and Sun Alliance 5 at 415p. Stenhouse put on 3 to 80p in Lloyds brokers ahead of to-morrow's annual results.

There was little worthy of note in Breweries, but Distillery issues met selective support. Ahead of to-morrow's interim statement, Distillers encountered a useful business and closed 2 dearer at 129p. A. Bell continued firmly at 144p, up 4, while Teacher (Distillers) put on 7 to 215p.

Buildings had several firm spots. Marley featured with a rise of 5 to a 1975 peak of 98p on the better-than-expected preliminary figures. Montague L. Meyer responded to the interim report with a rise of 4½ to 63p, while London Brick closed 2 harder at 61p following Press comment on the company's price-cutting moves. R. Costain moved up 5 to 236p, while Tarmac, 168p, and Taylor Woodrow, 302p put on 4 apiece. French Kier were active and 1½ firmer at 12½p. Cements also made progress, Associated closing 3 better at 178p and Tunnel 'B' 4 higher at 184p. Following the merger of Magnet Joinery and Southerns-Evans, dealings were started in Magnet and Southerns: the shares opened at 161p and closed at 164p.



After reaching a 1975 peak of 328p, ICI eased slightly to close only a penny better on balance at 326p.

ATV 'A' hardened 2 more to a 1975 peak of 73p on the chairman's statement.

Burton 'A' please

Burton 'A' featured Stores, closing 5 higher at 50p, after 52p, on the maintained dividend and better-than-expected preliminary figures. Other Stores attracted a reasonable two-way business, but closed with little alteration. Marks and Spencer held at 95p, while Debenhams, 83p, and UDS, 86p, both finished a penny harder. Hall and Earl hardened a shade more to 11p on further consideration of the interim report. Forminster put on 4 more at 76p, while similar gains were recorded by Midland Educational, 86p, and House of Lerose, 49p. A. Goldberg contrasted with a fall of 4 to 52. Customagic held at 14p; the comment price and change in the previous day's paper were incorrect.

Very light buying interest was sufficient to produce a fair sprinkling of improvements in Electricals. Among the leaders, EMI, a recent buoyant market on the X-ray scanner prospects, put on 4 to 239p, while Reyrolle Parsons gained 2½ at 73p and GEC 2 at 139p. Thorn Electrical finished 4 better at 200p, after 202p, but Plessey were left in the background, closing unaltered at 70p, after 71p. Elsewhere, favourable Press comment prompted a rise of 4 to a peak for the year of 63p in Fidelity Radio. Further support in a thin market raised Racal Electronics 7 further to a 1975 high of 234p, while Muirhead, still on take-over hopes, firmed 4 to 108p. Decca, 260p, and "A", 252p, added 6 and 8 respectively. The half-year results left Ward and Goldstone unmoved at 80p.

The leaders headed the list of gains on Engineerings. Tube Investments being especially prominent at 302p, up 8, while GKN moved ahead 6 to 259p and Hawker 4 more to 344p. Vickers were also 4 better at 143p. Green's Economiser rose 5 to 82p, after 83p, following the "rights" issue, profits and dividend forecasts. Pegler-Hattersley returned to favour, advancing 4 to 162p, Weir gained 3 more to 80p and English Card Clothing a like amount to 41p. In a narrow market, W. Bate were raised 5 to 38p. News items brought slight firmness in J. and H. B. Jackson, 21p, and Braham Millar, 30p, but marked easiness in Tex Abrasives, down 3 at 36p, and Crane's Screw, 2 lower at 7½p. RHP lost 1 to 59½p on the profits warning, while the Monopolies Commission probe lowered Amalgamated Industrials 1 to 10½p and Herbert Morris a similar amount to 65p. Spear and Jackson slipped back 5 to 95p.

Linfood continued firmly in Foods, rising 12 further to 232p in a thin market on further consideration of the interim report. Tate and Lyle closed a penny harder at 239p following news that the company is merging its deep sea parcel tanker fleet in a joint venture with P & O and Ocean Transport. Awaiting to-day's interim report, Unigate hardened a penny to 55p.

Grand Metropolitan, reflecting brokers' circulars, picked up 3 more at a 1975 peak of 79p; the 10 per cent. Convertible Loan stock was three points higher at £99. Wheeler's Restaurants closed 3 easier at 90p following the half-yearly report.

Pilkington rise

Miscellaneous Industrial leaders remained quiet and initial small gains were generally trimmed back later. Pilkington, however, featured with a rise of 10 at 292p in a rather short market, while Metal Box ended 5 higher at 283p. Net gains of 3 occurred in Bowater, 167p, after 168p, and Reed International, 240p, after 242p, while Beecham, 337p, after 341p, and Boots, 125p, after 127p, were both unaltered on balance. Elsewhere, LRC International were notable for a rise of 4½ to a peak for the year of 44p on the half-year report, while the chairman's encouraging statement at the annual meeting left United City Merchants 3 higher at 29p. Caravans International, still benefiting from the preliminary statement, added 1½ more at 19p for a two-day rise of 5½. Toy shares to find favour were J. W. Spear, 4 up at 96p, and Lesney Products, 3 better at 44p. Whitecroft rose 7 to 110p and Ega Holdings 4 to 38p. Brown Boveri Kent were fractionally harder at 25½p on the interim statement, but Duple shed ½ to 2½p in reflection of the nil dividend and profits slump. IC Gas were 3 softer at 357p on the half-time report.

Motors and Distributors held up well, sentiment not being noticeably affected by the Government's "Think-Tank's" severe criticisms of the industry. Reflecting the chairman's encouraging statement at the annual meeting, Lucas Industries edged up 3 to 175p. Associated Engineering moved up 2 to 76p, sentiment being helped by good results from the company's South African subsidiary. Harmo Industries were also notably firm at 43½p, up 3½: the planned merger with Tenneco is not to be referred to the Monopolies Commission. In Garages, British Car Auction closed unchanged at 43½p, after 45p, following the interim statement.

Inveresk continued to thrive on bid speculation, a pending offer of around 80p per share was mooted, and rose to 65½p before a close of 3 higher on balance at 64p. Among other Paper/Printings, J. Waddington gained 4 to 125p and Chapman (Balham) 3 to 128p, while Compton Partners, in Advertising Agencies, hardened 1 to 42p on the preliminary results. Newspapers improved a shade in light trading.

Renewed small buying interest brought fresh minor gains in the Property leaders, where MEPC, ahead of to-morrow's preliminary statement, firmed another penny to 69p. Land Securities, initially easier at 156p, improved to 160p for a net gain of 2, while British Land put on 1½ to 19p. Secondary issues displayed a firm bias, with Property Holding and Investment featuring at 190p, up 7, in response to the good half-year statement. The increased interim profits left Warnford Investments 2 firmer at 162p. Similar rises occurred in Artagen, 67½p, Regional Properties, 37p, Samuel Properties, 25½p, and Wingate Investments, 25p, while Laganvale Estates, 6p, and London Bridge Securities, 11p, both hardened a penny. Ewart New Northern, on the other hand, declined 3 to a "low" for the year of 115p.

Woodside-Burmah react

Although a harder tendency was discernible in Oils, business remained slow. Shell, 366p, and British Petroleum, 560p, both closed 2 harder, but Burmah eased 1 to 29p. Premier, easier at 7½p ahead of the encouraging interim figures, rallied to close unchanged on balance at 8p. Meanwhile, overseas issues became notable for a reaction in Woodside-Burmah, down 10 to 135p on further profit-taking after the recent strength. Pan Ocean picked up 35 to 820p, but Sunningdale lost firmness at 495p, down 15, and Associated Australian gave up 5 at 145p.

Overseas Traders were seldom altered. Harrisons and Crosfield managed an improvement of 13 at 850p, while S. and W. Berisford, awaiting tomorrow's annual results, hardened a penny to 132p.

Lampa Securities continued firmly, rising 5 more to 90p in Trusts and Financials. Jove Investment hardened following news that a large shareholding had changed hands, the Capital and Income both finishing a fraction up at 5p and 22p respectively.

Shippings spent a quiet session. "Lofs" moved up 2 to 33¾p on revived speculative interest, while Reardon Smith "A," 90p, and W. Runciman, 126p, put on 3 apiece.

Courtaulds were foremost in livelier Textiles, fluctuating between 143p and 148p before closing a net 2 higher at 146p. Press mention assisted Carrington Viyella, 1½ better at 30½p, while British Enkalon were similarly harder at 16½p and Stoddard "A" 4 up at 37p. Illingworth Morris picked up 2 at 27p and John Haggas were raised 10 to 275p, the latter in a restricted market. Tobaccos were contrastingly drab.

South African Industrials lost more ground, sentiment still being adversely affected by concern over the stock delivery position. Hulett's Corporation receded 10 to 220p as did Rex Trueform "A" to 310p.

Australians down again

Australian mining shares again followed the lower trend in overnight Melbourne and Sydney markets, with profit-taking generally gaining the upper hand. A further easing in the investment dollar premium also had an adverse effect on prices, which closed showing substantial losses in some places despite an attempted rally around midday.

With the notable exception of Pancontinental (up 10 at 94[illegible]), which held its meeting yesterday, energy stocks were particularly weak. Peko-Wallsend fell another 20 to 445p while Thiess Holdings were 10 lower at 240p and [illegible]bridge dropped 4 to 70p. W[illegible] Creek, which rose sharply on Monday, were steady at 40p, a[illegible] 38p.

South African Gold shares were quietly firmer in line with bullion which was finally up 75 cents at $139 per ounce, the Cape market being closed for the public holiday.

The closing of bear positions and modest Continental "cheap" buying around noon was countered to some extent by small U.S. selling in later dealings, the Gold Mines index still [illegible] 1.5 to 225.4.

Among heavy-weight issues Free State Geduld gained ½ to £19½ and President Steyn rose [illegible] to £10½ but West Driefontein [illegible] ½ to £34½. Western Holdings [illegible] a similar amount to a year's [low] of £22.

In Financials, U.S. buying [illegible] De Beers 6 higher at 280p; [the] company announced a 3 per c[ent.] increase in the price of [illegible] diamonds after market ho[urs]. London-based Financials were [illegible] firm with Charter 4 better at 1[illegible] and Rio Tinto-Zinc 5 up at 1[illegible]. Platinums were neglected.

Elsewhere, Anglo United [illegible] 4½ to 70p and Westfield Mine[s] 2 to 72p owing to Irish deman[d].

FINANCIAL TIMES STOCK INDICES

—	Dec. 16	Dec. 15	Dec. 12	Dec. 11	Dec. 10	Dec. 9	A year ago
Government Secs.	58.51	58.41	58.42	58.53	58.64	58.53	60.3[illegible]
Fixed Interest	58.66	58.57	58.68	58.61	58.61	58.89	60.9[illegible]
Industrial Ordinary	367.8	363.5	362.3	358.1	362.9	364.5	159.[illegible]
Gold Mines	225.4	223.9	225.5	234.1	231.1	226.3	382.[illegible]
Ord. Div. Yield %	5.71	5.78	5.80	5.87	5.79	5.76	12.7
Earnings Yld.% (full) (a)	15.92	16.11	16.17	16.29	16.11	16.07	34.4
P/E Ratio (net) (a) (b)	9.14	9.03	9.00	8.93	9.03	9.05	4.0
Dealings marked	4,544	5,335	5,232	5,674	5,657	5,664	4,94[illegible]
Equity turnover £m.	—	49.28	49.55	61.30	53.14	48.55	35.1[illegible]
Equity bargains total	—	12,606	11,472	14,878	13,902	13,510	10,20[illegible]

10 a.m. 364.9. 11 a.m. 366.3. Noon 368.1. 1 p.m. 366.4. 2 p.m. 368.4. 3 p.m. 367.7.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.07.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.64 (25/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	377.8 (19/11)	146.0 (6/1)	543.6 (13/5/72)	49.4 (26/6/40)
Gold Mines	442.5 (22/5)	218.4 (1/12)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Dec. 16	Dec. 15
Daily—		
Gilt-Edged	137.2	167.[illegible]
Industrials	154.6	178.[illegible]
Speculative	35.6	46.[illegible]
Totals	103.4	121.[illegible]
5-day Av'r'ge		
Gilt-Edged	152.0	163.[illegible]
Industrials	179.6	186.[illegible]
Speculative	41.1	45.[illegible]
Totals	120.4	125.[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Dec. 16 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Mon Dec. 15 Index No.	Fri Dec. 12 Index No.	Thurs. Dec. 11 Index No.	Wed. Dec. 10 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (178)	138.06	+1.0	16.79	6.05	8.96	8.96	136.70	136.27	135.36	136.96	52.82	143.25 (15/11)	51.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2 Building Materials (29)	134.47	+1.9	12.78	6.25	11.96	11.95	131.93	131.22	131.19	133.44	46.13	138.19 (13/11)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3 Contracting, Construction (23)	241.02	+1.0	14.69	3.99	10.59	10.59	238.73	237.49	236.60	238.41	78.00	263.54 (12/11)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4 Electricals (16)	239.89	+0.5	18.33	4.84	8.02	8.02	238.69	240.92	234.68	238.48	97.89	254.66 (12/11)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5 Engineering (Heavy) (13)	158.84	+0.4	20.39	7.38	7.48	7.48	158.19	156.94	155.11	160.50	67.40	164.07 (19/11)	64.39 (2/1)	202.57 (2/5/72)	64.39 (2/1/75)
6 Engineering (General) (63)	120.59	+0.9	18.36	6.95	8.17	8.16	119.48	118.38	118.45	119.19	47.05	123.15 (19/11)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7 Machine and Other Tools (9)	49.01	−1.0	17.25	8.62	10.46	10.46	49.53	49.21	49.05	49.76	20.26	50.91 (21/11)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8 Miscellaneous (25)	118.70	+0.8	17.71	6.96	8.51	8.51	117.76	117.43	117.44	117.71	51.63	121.76 (8/8)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9 CONSUMER GOODS (DURABLE) (56)	114.83	+1.2	16.10	5.41	8.36	9.35	113.49	113.45	112.45	114.52	40.67	117.43 (18/11)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10 Electronics, Radio TV etc. (15)	129.48	+1.6	14.60	4.14	10.25	10.23	127.41	127.92	126.58	129.41	44.53	131.94 (10/11)	44.26 (6/1)	257.41 (19/6/72)	42.85 (12/12/74)
11 Household Goods (14)	161.56	+0.2	15.15	6.57	9.69	9.66	161.25	161.38	161.49	163.13	63.92	168.90 (19/11)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12 Motors and Distributors (27)	67.06	+1.1	18.93	6.99	8.11	8.11	66.36	65.96	65.28	66.30	23.45	70.25 (12/11)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13 CONSUMER GOODS (NON-DURABLE) (168)	145.96	+0.8	13.58	5.95	10.87	10.78	144.78	144.56	143.96	145.55	64.61	152.28 (18/11)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14 Breweries (15)	159.81	+0.1	13.10	6.54	11.56	11.56	159.60	159.70	160.36	161.55	75.25	172.53 (12/11)	75.58 (6/1)	281.87 (22/11/72)	69.47 (13/12/74)
15 Wines and Spirits (7)	160.76	+2.2	11.88	6.27	12.78	12.78	157.23	156.60	154.87	156.13	83.22	177.94 (9/7)	80.42 (6/1)	257.40 (13/7/72)	78.81 (13/12/74)
16 Entertainment, Catering (16)	187.30	+1.9	11.60	6.49	13.82	13.16	183.85	182.29	181.12	182.33	60.58	187.30 (16/12)	55.28 (6/1)	329.99 (12/12/72)	54.87 (19/7/74)
17 Food Manufacturing (22)	158.45	+0.6	13.43	5.17	10.42	10.35	157.44	156.95	157.50	158.70	64.32	166.80 (18/11)	62.03 (2/1)	211.65 (1/6/72)	59.78 (11/12/74)
18 Food Retailing (16)	143.15	+0.1	10.78	4.82	13.48	13.48	142.99	140.49	139.49	141.76	58.94	155.88 (10/11)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19 Newspapers, Publishing (15)	159.91	+0.5	14.28	6.32	10.48	10.48	159.05	158.05	158.37	159.29	57.43	161.96 (3/12)	55.08 (6/1)	250.29 (12/1/72)	55.08 (6/1/75)
20 Packaging and Paper (13)	101.47	+1.4	21.74	7.52	6.84	6.85	100.03	100.02	99.12	99.60	45.75	107.12 (20/6)	43.46 (6/1)	135.69 (28/4/72)	43.46 (6/1/75)
21 Stores (33)	120.47	+0.6	12.53	5.62	12.81	12.21	119.70	120.59	119.62	121.10	55.55	132.94 (24/10)	52.63 (6/1)	204.39 (16/8/72)	52.63 (6/1/75)
22 Textiles (22)	160.06	+2.2	14.88	5.75	8.65	8.11	156.63	156.80	154.30	155.53	66.64	162.58 (12/11)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23 Tobaccos (3)	208.53	+0.3	15.24	6.46	9.37	9.37	207.98	207.60	206.48	208.78	115.63	218.96 (18/11)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/62)
24 Toys and Games (6)	63.00	+2.6	22.70	6.31	6.16	6.16	61.39	60.32	60.23	60.67	21.98	63.76 (20/11)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
OTHER GROUPS (94)															
25 Chemicals (24)	194.91	+0.9	14.27	4.94	9.82	9.82	193.09	192.23	190.79	192.19	74.82	194.91 (16/12)	73.14 (6/1)	201.92 (31/1/69)	71.20 (1/12/74)
26 Office Equipment (10)	86.29	+0.8	15.45	6.04	9.08	9.08	85.64	86.46	86.40	87.05	45.54	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27 Shipping (12)	364.59	+0.9	20.57	5.66	6.19	5.94	361.27	356.59	355.15	363.23	216.07	404.18 (18/11)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28 Miscellaneous (48)	149.77	+1.0	16.23	6.85	9.16	9.15	148.33	148.13	147.36	148.72	64.55	156.36 (18/11)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29 INDUSTRIAL GROUP (496)	146.31	+0.9	14.94	5.89	9.82	9.76	144.99	144.67	143.87	145.38	61.42	151.53 (18/11)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30 OILS (4)	319.53	+0.4	15.75	5.04	7.09	6.35	318.10	317.22	315.71	319.51	118.13	338.18 (18/11)	105.83 (2/1)	431.66 (29/5/69)	87.23 (29/6/62)
31 500 SHARE INDEX	160.77	+0.8	15.06	5.76	9.28	9.02	159.43	159.05	158.21	159.91	66.25	167.07 (18/11)	63.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32 FINANCIAL GROUP (100)	131.37	+1.0	—	5.42	—	—	130.07	130.17	130.51	131.78	56.05	148.46 (20/6)	56.60 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33 Banks (6)	162.06	+1.2	17.98	4.97	8.50	8.50	160.09	161.19	162.10	164.16	65.95	177.11 (5/6)	62.56 (2/1)	288.32 (30/7/72)	62.44 (12/12/74)
34 Discount Houses (9)	162.64	−0.2	—	7.58	—	—	162.90	163.68	164.45	165.10	81.70	171.13 (18/11)	84.13 (6/1)	293.13 (2/7/72)	81.40 (10/12/74)
35 Hire Purchase (5)	101.29	+1.4	—	6.52	—	—	99.89	101.45	103.64	101.26	48.56	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36 Insurance (Life) (9)	114.37	+0.5	—	5.98	—	—	113.86	113.04	113.21	114.23	46.27	129.31 (18/11)	44.88 (2/1)	194.46 (16/5/72)	44.88 (2/1/75)
37 Insurance (Composite) (7)	104.45	+1.2	—	6.55	—	—	103.22	103.34	104.16	104.84	46.21	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38 Insurance (Brokers) (10)	216.19	+0.7	9.78	4.17	15.42	15.42	214.68	214.92	215.61	217.30	67.37	232.39 (13/11)	68.96 (7/1)	262.37 (12/12/72)	66.86 (16/12/74)
39 Merchant Banks (18)	83.67	−0.2	—	6.44	—	—	83.86	83.41	83.52	83.04	34.17	94.97 (7/5)	31.21 (7/1)	278.67 (1/6/72)	31.21 (7/1/75)
40 Property (32)	155.14	+1.3	3.76	3.57	44.35	42.12	153.09	152.44	150.32	153.83	90.75	241.22 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41 Miscellaneous (4)	77.82	+0.4	12.88	6.21	12.41	12.26	77.48	76.48	76.48	77.46	33.29	80.81 (26/11)	34.76 (10/1)	303.15 (18/5/72)	33.89 (17/12/74)
42 Investment Trusts (50)	166.41	+0.3	3.03	4.29	33.06	33.03	165.87	166.76	166.82	167.38	73.35	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43 ALL-SHARE INDEX (650)	153.83	+0.8	—	5.61	—	—	152.55	152.35	151.81	153.54	64.48	160.63 (18/11)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (9)	377.35	+0.4	16.98	8.88	9.04	9.02	375.83	377.56	376.95	376.95	285.49	525.43 (23/5)	281.56 (2/1)	555.37 (25/7/73)	84.68 (25/6/65)
45 Teas (9)	115.92	+0.8	40.78	8.93	3.60	3.54	115.05	115.74	115.62	115.35	77.10	124.57 (11/11)	76.76 (10/1)	124.57 (11/11/75)	59.72 (17/10/74)
46 Coppers (3)	255.14	—	38.89	6.73	2.57	2.57	255.14	260.37	264.21	262.81	366.12	467.74 (27/5)	253.37 (17/11)	567.78 (13/7/73)	94.08 (29/4/63)
47 Mining Finance (11)	110.01	+0.1	10.79	4.65	10.46	10.46	109.95	110.77	111.45	110.67	88.20	141.34 (30/6)	80.58 (22/1)	175.90 (28/4/69)	66.81 (30/9/74)
48 Tins (8)	88.74	—	14.09	10.18	10.12	9.50	88.74	88.82	89.94	89.94	60.56	114.48 (3/6)	58.91 (8/1)	125.43 (12/1/73)	54.83 (27/5/71)
49 Overseas Traders (13)	214.69	+0.4	15.61	4.86	8.19	8.19	213.93	214.02	210.82	214.09	—	252.25 (30/5)	97.37 (6/1)	252.25 (30/5/75)	97.37 (6/1/75)

FIXED INTEREST	Tuesday, Dec. 16 Index No.	Tuesday, Dec. 16 Yield %	Monday Dec. 15	Friday Dec. 12	Thurs. Dec. 11	Wed. Dec. 10	Tuesday Dec. 9	Monday Dec. 8	Friday Dec. 5	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 Consols. 2½% yield	—	14.91	14.91	14.89	14.88	14.88	14.87	14.98	14.96	16.94	—	—	—	—
2 20-yr. Govt. Stocks (6)	46.05	†14.07	45.88	46.00	46.15	46.38	46.40	46.10	45.92	39.61	53.09 (20/3)	38.27 (3/1)	115.42 (11/9/63)	38.27 (3/1/75)
3 20-yr. Red. Deb. & Loans (15)	49.18	†15.01	49.15	49.15	49.18	46.17	46.07	46.07	46.04	37.40	50.68 (21/3)	37.01 (3/1)	113.43 (23/10/63)	37.01 (3/1/75)
4 Investment Trust Prefs. (15)	46.58	14.86	46.46	46.46	46.30	46.30	46.35	46.35	46.35	35.30	47.30 (29/7)	35.35 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5 Coml. and Indl. Prefs. (20)	63.82	15.15	63.15	63.30	63.57	63.67	63.95	64.13	64.09	49.84	68.02 (6/8)	47.67 (6/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	[illegible]	All Others	10/4/62	100.00
Toys and Games	16/1/70	[illegible]			
Office Equipment	16/1/70	[illegible]			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited, a member of the Exchange Telegraph Group, on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price [illegible].

CONSTITUENT CHANGES: Magnet Joinery and Southerns (Buildings Materials) [illegible] is a new constituent of Capital Goods Misc.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	17	326	+ 1	328	118
LRC Int.	10p	12	44	+ 4½	44	13½
Reed Int.	£1	9	240	+ 3	297	124
Beecham	25p	8	337	—	344	116
"Bats"	25p	8	320	+ 2	338	164
BP	£1	8	560	+ 2	598	190
Burmah Oil	£1	8	29	− 1	100	27
Distillers	50p	8	129	+ 2	150	65½
Shell Transport	25p	8	366	+ 2	390	118
Slater Walker	25p	8	27	—	108	20
BET Defd.	25p	7	78	+ 2	86	41
French Kier	25p	7	12½	+ 1½	13½	4½
HK & Shanghai	$HK2.50	7	294	− 6	300	118
Lesney Products	5p	7	44	+ 3	44	12
Marley	25p	7	98	+ 5	98	30

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 9	Dec. 22	Mar. 4	Mar. 16
Dec. 23	Jan. 6	Mar. 18	Mar. 30
Jan. 8	Jan. 19	Apr. 1	Apr. 13

"Calls" were dealt in MEPC, Inveresk Paper, Charterhall Finance, Burton "A," Slater Walker and Warrants, Amalgamated Investment, Grand Metropolitan and BOC. A "put" was done in Burton "A," while "doubles" were arranged in Burmah Oil, Argyle Securities, BOC and Plessey.

Industrials							
A. P. Cement	15	Guardian	20	Spillers	5	Shell	28
Assoc. Leisure	3	G.K.N.	22	Tesco	6	Ultramar	20
Barclays Bank	25	Hawker Sidd.	27	Thorn "A"	20		
Beecham	26	House of Fraser	8	Tube Invest.	27	Mines	
Boots Drug	[illegible]	I.C.I.	21	Unilever	40	Anglo Amer.	50
Bowater	[illegible]	"Imps"	7	Utd. Drapery	10	Charter Cons.	19
B.A.T.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Leyland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC Intl.	[illegible]	[illegible]	[illegible]	Property		[illegible]	[illegible]
Burton 'A'	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Debenhams	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Distillers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dunlop	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eagle Star	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E.M.I.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Accident	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Electric	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.U.S. 'A'	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1975

The following securities (number in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

NEW HIGHS (49)

CORPORATION LOANS (2)
G.L.C. 6½pc 1976 — Mddx. 6¼pc '75-77

AMERICANS (1)
Ford Motor

BEERS (2)
Bell (A.) — Bulmer (H. P.)

BUILDINGS (3)
BPB 7¼pc Conv. 1969-94 — Marley — Meyer (Mont. L.)

CHEMICALS (1)
ICI

CINEMAS (1)
Assoc. TV 'A'

STORES (3)
Amber Day Pfd. — Wharf Mill — Midland Educational

ELECTRICALS (8)
Dale Elect. — M.K. Electric — Decca 'A' — Muirhead — Farnell Elect. — Racal Elect. — Fidelity Radio — Ultra Elect.

ENGINEERING (7)
Baker Perkins — Rotork — Green's Economiser — Weir — Jeavons Cooper — Weyburn Eng. — Redman Heenan

FOODS (1)
Linfood

HOTELS (2)
Grand Met. 10pc Conv. 1991-96 — Grand Met.

INDUSTRIALS (11)
AD Int. — L.R.C. Int. — BOC Int. — Lesney Prods. — Caravans Int. — Pilkington Bros. — Christie-Tyler — Spear (J. W.) — Dobson Park — Whitecroft — Ega Holdings

MOTORS (2)
Harmo Ind. — Turner Mfg.

PAPERS (2)
Bemrose — Chapman (Balham)

TEXTILES (2)
Carrington Viyella — Stoddard 'A'

TRUSTS (1)
Archimedes Inc.

NEW LOWS (5)

INDUSTRIALS (1)
Duple Int.

PROPERTY (2)
Ewart New Northern — Inv. & Prop. Hldgs.

MINES (2)
Zandpan — Western Holdings

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	27	3	25
Corpns. Dominion and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	409	351	1,764

BASE LENDING RATES

AFI International	11
Allied Irish Banks Ltd.	11
Anglo-Portuguese Bank	11
Henry Ansbacher	11
Banco de Bilbao	11
Banco de Jerez	11
Bank of Cyprus	11
Bank of N.S.W.	11
Banque du Rhone S.A.	11
Barclays Bank	11
Barnett, Christie Ltd.	12
Bremar Holdings Ltd.	12
Brit. Bank of Mid. East	11
■ Brown Shipley	11
Cayzer, Bowater Co. Ltd.	11
Cedar Holdings	11
■ Charterhouse Japhet	11
C. E. Coates	11
Consolidated Credits	1[illegible]
Co-operative Bank	*11
Corinthian Securities	1[illegible]
Credit Lyonnais	1[illegible]
G. R. Dawes	1[illegible]
Duboff Brothers	1[illegible]
Duncan Lawrie	1[illegible]
English Transcont.	1[illegible]
First London Secs.	1[illegible]
■ Antony Gibbs	1[illegible]
Goode Durrant Trust	1[illegible]
Greyhound Guaranty	1[illegible]
Grindlays Bank	1[illegible]
■ Guinness Mahon	1[illegible]
■ Hambros Bank	1[illegible]
Hawtin & Partners	1[illegible]
■ Hill Samuel	[illegible]
C. Hoare & Co.	[illegible]
Julian S. Hodge	[illegible]
Industrial Bank of Scot.	[illegible]
Keyser Ullmann	[illegible]
Knowsley & Co. Ltd.	[illegible]
Lloyds Bank	[illegible]
London & European	[illegible]
London Mercantile	[illegible]
Midland Bank	[illegible]
■ Samuel Montagu	[illegible]
■ Morgan Grenfell	[illegible]
National Westminster	[illegible]
Norwich General Trust	[illegible]
Portman Guaranty	[illegible]
P. S. Refson & Co.	[illegible]
Rossminster Accept'cs	[illegible]
Schlesinger Limited	[illegible]
E. S. Schwab	[illegible]
Security Trust Co. Ltd.	[illegible]
Shenley Trust	[illegible]
Standard Chartered	[illegible]
Sterling Credit	[illegible]
Thames Guaranty	[illegible]
Trade Development Bk.	[illegible]
Twentieth Century Bk.	[illegible]
United Bank of Kuwait	[illegible]
Whiteaway Laidlaw	[illegible]
Williams & Glyn's	[illegible]
Yorkshire Bank	[illegible]

■ Members of the Accepting Houses Committee.

* 7-day deposits [illegible], 1-month [illegible].

† 7-day deposits on sums of £10,000 and under [illegible], up to £25,000 [illegible], over £25,000 [illegible].

‡ Demand deposits [illegible].

CORAL INDEX
Close 367-372

I.G. INDEX
GOLD 137½-140½

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 11½ per cent. (since November 28, 1975)

Day-to-day credit was in adequate supply in the London money market yesterday and the authorities did not intervene. Banks carried forward run-down balances, there was a net market take-up of Treasury bills, and an increase in the pre-Christmas note circulation was also against the market's favour. Settlement of official gilt-edged sales was another adverse factor, but on the other hand Government disbursements exceeded revenue payments to the Exchequer.

Discount houses paid 10½-11 per cent. for secured call loans in the early part, and closing rates were in the region of 8 per cent. to 10 per cent.

In the interbank market overnight loans commanded 10½-10½ per cent. at the start and rates touched 10½-11 per cent. before easing to 8-8½ per cent. in late business and closing at 9-9½ per cent.

Short-term fixed period interest rates recorded small mixed changes.

Rates in the table below are nominal in some cases.

Dec. 16 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits†	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposit	Treasury bills ‡	Bank Bills ‡	Fine trade bills ‡
Overnight	—	8-11	—	—	—	11-12	8-11	—	—	—
2 days notice	—	—	10½-10¾	—	—	—	—	—	—	—
7 days or...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent; four years [illegible] per cent.; five years [illegible] per cent. ● Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association): 12 per cent. from December 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rates for lending 11 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

INSURANCE BASE RATES

† Atlantic Assurance	[illegible]
Cannon Assurance	[illegible]

† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. Ltd. (a)(g).
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	27.8	29.3	+0.2	4.29
Abbey Income	26.5	28.1	+0.2	5.90
Abbey Inv. Tst. Fd.	26.3	27.9	.....	4.13
Abbey Gen. Tst	33.4	35.5	+0.4	3.96

Allied Hambro Group♥(a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Billericay (02774) 53189

Allied 1st	49.1	52.5	+0.3	5.69
Brit. Ind. 2nd	48.7	52.0xd	+0.3	5.90
Growth & Inc. Tst.	28.1	30.0	+0.2	6.00
Elect. & Ind. Dev.	23.6	25.2	+0.2	5.65
Met. Min. & C'dty.	33.6	35.9	+0.2	5.85
Allied Capital Tst.	52.2	55.8	+0.2	5.55
High Income	45.6	48.7	+0.2	7.02
Equity Income	29.8	31.8	+0.2	6.54
International	21.7	23.2	−0.1	2.24
High Yield Fund	42.1	45.0	+0.2	9.66
H. Fund	78.7	84.1xd	+0.5	5.73
H. Income Fund	39.4	42.1	+0.3	7.24
H. Recovery	94.2	100.6	+0.5	6.49
H. Smaller Co's	18.0	19.2	+0.1	6.75
2nd Smaller Co's	22.9	24.5	+0.1	7.21
H. Accum. Fund	20.8	22.2	+0.1	4.82
Secs. of America	40.8	43.6xd	+0.2	3.10
H. Exempt Dec. 1	130.6	137.2	.....	6.37

Arbuthnot Securities Ltd. (a) (c)
21 Leven St., E'burgh EH3 9LH 031-228 1421

Abacus Giants	29.2	31.4	−0.4	3.91
(Accum. Units)	31.6	34.0	−0.4	3.91
Growth Units	27.5	29.6	+0.1	4.24
(Accum. Units)	29.9	32.2	+0.1	4.24
High Inc. Units	29.8	32.1	+0.1	11.44
(Acc. Uts.)	34.1	36.7	+0.1	11.44

Bridge Talisman Fd. Mgrs.♥ (a)(c)
5-8, Mincing Lane, E.C.3. 01-623 4951

BT Income	174.0	186.0	−1.0	8.47
BT Capital Inc.	25.1	26.8		2.10
BT Capital Acc.	25.7	27.4		2.10
BT Exempt	86.0	92.0		5.43
BT Intl. Inc.	12.5	13.4	.....	4.69
♦BT Inter'l Acc	12.8	13.7	.....	4.69

Prices on Dec. 17. Next sub. day Dec. 24.

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	40.0	42.7	+0.3	6.87
BL Balanced*	32.8	34.7	+0.1	6.40
BL Capital*	32.6	34.5	−0.3	4.41
BL Dividend*	29.8	31.6	+0.1	8.27

*Prices on Dec. 17. Next dealing Dec. 24.

Brown Shipley & Co. Ltd.♥(x)(c)
Mngrs: Founders Ct., EC2 01-600 8520

Brown Shipley	152.1	157.1	.....	6.00
Accum. Units	176.0	181.0		6.00

*Prices on Dec. 18. Next sub. day Dec. 23.

Canada Life Unit Tst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts. P. Bar 51122

Can. Gen Dist.	29.3	30.9	+0.2	4.29
Do. Gen. Accum	33.1	34.8	+0.2	4.29
Do. Inc. Dist	26.4	27.8	+0.1	7.93
Do. Inc. Accum	30.2	31.8	+0.2	7.93

Capel (James) Mngt. Ltd.♥
100 Old Broad St., EC2N 1BQ 01-588 6010

Capital	60.0	62.5	.....	3.93
Income	54.5	56.7	+0.2	7.20

Prices on Dec. 17. Next dlg. Jan. 7.

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn House, Newcastle-upon-Tyne 21185

Carliol	56.0	58.5xd	.....	3.53
Do. Accum. Units	62.9	65.4	.....	3.53

...

?gate Pro* Dec. 9	112.9	120.3xd	.....	3.36
?cem. Uts. Dec. 9	126.2	134.5	.....	3.36
?gate Int. †Dec. 16	116.7	124.2	−5.5	3.39
?cm. Uts. †Dec. 16	112.3	120.2	−5.8	3.39

Next sub. day *Dec. 23. †Dec. 30.

?rands Ltd.♥
5, Fenchurch St., E.C.3. 01-626 6599

?rands Cap.	95.5	100.5	.....	2.26
?. Accum.	102.0	110.0	.....	2.21
Brands Inc.	106.5	113.5	.....	7.78

Next sub. day Dec. 18

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC1. 01-600 9461

G.T. Cap. Inc.	54.8	58.5	+0.8	3.88
Do. Acc.	62.3	66.3	+0.9	3.88
G.T. Inc. Fd. Un.	102.6	109.1	+1.3	9.10
G.T. U.S. & Gen.	115.0	122.3	−0.7	1.10
G.T. Japan & Gen.	169.7	180.6	.....	0.80
♦Gt. Pens. Ex. Fd.	118.4	125.9	.....	2.50

G. & A. Tst. Mgrs. (a) (g)
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	25.0	26.7xd	+0.2	4.89

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	16	.....	Craig Ship. £1	305	.....	Shiloh Spinn.	27	.....
Ash Spinning	33	.....	Hallam Sleigh 10p	6	.....	Sindall (Wm.)	50	.....
Bertam	21	.....	Higsons Brew.	92	.....			
Bdg'wtr. Est. 50p	130	.....	I.O.M. Stm. £1	128	.....	**IRISH**		
Clover Croft	35	.....	Holt (Jos.) 25p	260	.....			
Craig & Rose £1	320	.....	Kleen-e-Ze	17xd	.....	Alliance Gas (£1)	80	.....
Dyson (R.A.)	30xd	.....	Lovell's Ship £1	95	.....	Carroll (P. D.)	125	−3
Ellis & McHdy.	60xd	.....	N'thn. Goldsmith	89	.....	Clondalkin	50	.....
Evans Fr'k. 10p.	33	.....	P.M.A.	48	.....	Concrete Prods.	92	.....
Evered	10	.....	Pearce (C. H.)	80	.....	Goodbody (£1)	35	.....
Fife Forge	40	.....	Peel Mills	12	.....	Heiton (Hldgs.)	29	.....
Finlay Pkg. 5p	16	.....	Richards 10p	13	.....	Irish Distillers	67xd	.....
Fras. & Reed 50p	130	.....	RobbCaledonSh.	37	.....	Irish Wire	40	.....
Gardiner & Sons	11	.....	Sayers 12½p	7	.....	Jacob	73	.....
Gardner (L.)	63	.....	Sheffield Brick	65	.....	Sunbeam	8	.....
			Sheff. Refrshmt	140	.....	Unidare	63	.....

THEATRES—(Cont.)

GARRICK THEATRE. 01-836 4601. Evenings 8.15. Mat. Wed. 3.0. Sat. and Boxing Day 6.0 and 8.40. RICHARD BRIERS "Marvellous." Gdn. ABSENT FRIENDS "ALAN AYCKBOURN'S FINEST FUNNIEST PLAY." H. Hobson, S. Tms.

GLOBE. 01-437 1592. Evenings 7.30. Mats. Wed. Sat. and Boxing Day 3.0.

THEATRES

QUEEN'S THEATRE. 01-734 1166. Evenings 8.0. Mats. Thurs. 3.0. Sat. and Boxing Day 5.30 and 8.30 (NO PERFS. Dec. 22-25) ALAN BATES in OTHERWISE ENGAGED A New Play by SIMON GRAY Directed by HAROLD PINTER

RAYMOND REVUEBAR THEATRE. 734 1593. At 7 p.m., 9 p.m., 11 p.m. PAUL RAYMOND presents THE FESTIVAL OF EROTICA '75

CINEMAS APPEAR TO-DAY ON PAGE 27

OFFSHORE AND OVERSEAS FUNDS

Energy Int. Dec. 15	$US11.61	+0.02	
Grth. St. $Fd. Nov. 28	$US5.57	.....	

Warburg Invest. Mngt. Jrsy. Ltd.
8 Church St., St. Helier, Jsy. C.I. 0534 35511

CMF Ltd. Nov. 27	$US16.19	18.46	.....
CMT Ltd. Nov. 27	£10.32	10.59	.....
Metals Tst. Nov. 20	£9.40	9.63	.....
TMT Dec. 11	$US9.96	10.22	.....
TMT Ltd. Dec. 11	£10.25	10.52	.....

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

World Wide Gth. Fd.	$US10.63	−0.04

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey yield. # Suspended. ☆ Single premium insurance bonds.

...Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	94½	Exch.6½pc 1976‡‡	99⅛	–⅛	6.56	10.99
97¼	92½	Treasury 6½pc 1976‡‡	97½	......	6.70	11.10
99	97	Victory 4pc 1976‡‡	98⅝	......	4.04	—
102	96⅞	Treasury 10½pc 1976‡‡	99½	⅛	10.56	11.11
95¼	88⅞	Treasury 6¼pc 1977‡‡	95¼	......	6.57	10.60
95⅞	86¼	Electric 3pc 74-77	95	–⅛	3.16	7.26
103½	96⅞	Treasury 11½pc 77‡‡	100⅞	......	11.40	10.88
93¼	84	Treasury 3pc 77‡‡	93¼	......	3.22	6.81
92½	84⅜	Transport 4pc 72-77	92½xd	......	4.32	8.11
96½	90½	Treasury 9pc 1978‡‡	94½	–⅛	9.52	11.75
100⅛	95	Treasury 10½pc 78‡‡	97¾xd	......	10.74	11.55
88⅝	79	Exchequer 5pc 76-78‡‡	88⅝	......	5.64	9.75
103	94⅛	Treasury 11½pc 79‡‡	99½	......	11.50	11.69
81⅞	71⅞	Treasury 3pc 79‡‡	81⅞	......	3.66	8.76
83½	73⅞	Electric 4½pc 74-79	83⅛	......	5.10	9.58
100⅛	94½	Treasury 10½pc 79‡‡	95½	+⅛	10.98	11.92
95⅝	95⅛	Do. 10½pc 1979 'A'●	95½	......	10.93	11.95
82⅝	71	Electric 3½pc 76-79	82⅝	......	4.25	8.92
95	84	Treasury 9pc 1980‡‡	90	+⅛	10.00	12.08
95⅛	89¼	Treasury 8½pc '80‡‡	91⅛	+⅛	10.42	12.13
82⅞	68¼	Treasury 3½pc 77-80	82⅛xd	......	4.25	8.27
85⅛	71	Funding 5¼pc 78-80‡‡	85⅛xd	......	6.17	9.38
		Five to Fifteen Years				
97½	94½	Treasury 11½pc 1981	95⅞xd	......	12.11	12.38
79¼	65⅛	Do 3½pc 79-81	79¼	......	4.48	8.86
91⅛	72⅝	Do 8¼pc '80-82‡‡	84¼xd	......	10.01	12.07
104⅝	86⅝	Treasury 12pc 1983‡‡	99⅜	......	12.40	12.68
78	58	Funding 5½pc '82-84‡‡	71xd	......	7.79	10.91
85¼	61⅞	Treasury 8½pc '84-86‡‡	77⅛xd	......	11.10	12.35
73¼	51⅞	Funding 6½pc '85-87‡‡	67⅛	+⅛	9.86	12.00
76¼	53	Treasury 7¾pc '85-88‡‡	72⅛	+⅛	11.22	12.84
47¼	32⅞	Transport 3pc '78-88	43⅛xd	+¼	6.94	11.71

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium [illegible] (based on $2.0180 per £)

CANADIANS

[illegible]

S.E. List Premium [illegible] (based on $2.0450 per £)
Conversion factor 0.6054 (0.5999)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Trusts, Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¼	250	Durban Deep R1	335	+5	Q20c	ϕ	3.3
£14	515	E. Rand Prp. R1	525xd	......	Q35c	ϕ	3.7
105	24	Rand Leases 25c	26	......			
£34½	£15¾	Randf'm Est. R2	£16¾	......			
500	130	West Rand R1	140xd	......	Q10c	ϕ	5.9

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8½	3	Burma Mine 17½p	8	......	m0.5		1.7
65	17	Charterhall 5p	27	......			
115	40	Colby Mines $1	57	−4			
810	360	Cons. Murch. 10c	770xd	......	Q80c	ϕ	5.7
53½	29½	Lauresia	33	+1½			
375	200	Northgate C$1	240	......	tQ25c	1.0	5.8
211	80	R.T.Z.	180	+5	g5.51	4.4	4.7
135	47½	Sabina Inds. C$1	105	−5			
81	45	Stanford Mines$1	45	......			
£12½	874	Tara Expln. $1	£10¼	−⅛			
78	38	Yukon Cons. C$1	78	......			

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 23

FINANCIAL TIMES
Wednesday December 17 1975

U.S. calls for lower oil price as Paris dialogue starts

BY ROBERT MAUTHNER

PARIS, Dec. 16.

THE 27-NATION North-South dialogue opened here to-day with an urgent call from the U.S. for co-ordination of consumer and producer countries' energy policies and immediate steps to deal with the payments deficits of non-oil developing countries.

The opening speeches, however, brought to light a clear difference of appreciation between Dr. Henry Kissinger, the U.S. Secretary of State, and Mr. James Callaghan, the British Foreign Secretary, on the crucial issue of oil prices, which will be discussed in one of the four Commissions to be set up by the conference.

Mr. Callaghan, as agreed at the recent Common Market summit in Rome, spoke separately from the EEC delegation, although Britain has not been given an individual seat. Moreover, he did so for 10 minutes instead of the two minutes allotted to him—a fact which appeared to have been accepted stoically by the Common Market delegation.

Both Dr. Kissinger and Mr. Callaghan stressed the need for the industrial countries to adopt a minimum safeguard price for oil to protect their investment in *new energy sources.*

But Dr. Kissinger, unlike the Foreign Secretary, went out of his way to point out that it was *equally important for oil prices* to be reduced.

The "arbitrary increase" in the price of oil had been a major contribution to the recent high rates of inflation and unemployment, he said, and had led to serious payments deficits, both indirectly through a global *recession and directly through* higher-priced imports.

Hardest hit

The *non-oil developing countries* had been the hardest hit by these developments. A lower oil price would make possible more rapid economic recovery in the world, would help the developing countries by reducing their enormous payments and debt burden, and would increase *foreign demand for their exports.*

A lower price, together with supply stability, would also benefit producer nations over the longer term by easing the urgency for consumer countries to develop alternative supplies.

Apart from the energy problem, *the most immediate task for* the conference was to take specific steps to ease the payments problems of developing countries, which would have a total deficit of about £35bn. next year, Dr. Kissinger went on.

Bilateral and multilateral aid, along with direct investments, would finance about $25bn. of this. But it remained an open question whether borrowing on international capital markets *could again make up the balance* next year.

To deal with this situation, Dr. Kissinger reiterated all the proposals being discussed in various international forums, such as the IMF, notably the creation of a $1bn. to $2bn. trust fund and the selling-off of IMF gold, some of the proceeds of which would be used for development aid.

Although the U.S. Secretary of State did not make his expected *threat that the U.S. would cut* off aid to developing countries if they continued to support the oil producers' cartel, he stressed that the industrialised countries alone could not be asked to shoulder the responsibility for the developing countries' *problems.*

Mr. Callaghan said that the U.K. accepted its responsibility of participating in the conference as part of the EEC. The U.K. would work to ensure that the Community position would be as constructive and as comprehensive as possible "in a grouping of nine separate Governments with wide-ranging interests."

Britain's view

Observers saw this as an indication that the Foreign Secretary would not hesitate to *put Britain's view whenever this* did not coincide with those of other EEC members.

The conference to-day was entirely devoted to the set speeches of the 27 participants—eight representing the industrialised world and 19 the oil producers and other develop*ing nations. To-morrow* it gets down to the task of setting up the 15-member Commissions on energy, raw materials, development aid and related financial problems.

Plans for computer privacy safeguard

BY CHRISTOPHER LORENZ

THE GOVERNMENT yesterday proposed extensive legislation to protect the privacy of personal information held in computers, and a Data Protection Committee will be set up in the next few weeks.

Proposals contained in a White Paper on "Computers and Privacy" could give Britain some of the toughest controls in the world, since they cover computer files in all levels of government, as well as in the private sector.

Legislation proposed would establish a "code of standards" for the use of computers which handle personal information. It would also establish a permanent independent statutory agency, the Data Protection Authority, possibly with extensive registration and licensing powers over computer use.

The new committee will advise the Government on how to formulate detailed legislation, including what form the authority should take. No time*scale has been made public,* but the committee is likely to report within 18 months, and it could take at least as long again before legislation became effective.

Improper use

Over the past year, the White Paper has been extensively revised and is understood to be much tougher than earlier draft versions.

Also published was a report, giving for the first time a detailed description of where and how computers are used in all levels of government. The Home Office said the review disclosed no evidence to suggest that fear about the improper use of these computers was justified by present practice, but admitted that computers "could pose a potential threat for the future."

For this reason, the Government had decided that the proposals for safeguarding the *privacy of personal information* held in computers should apply to government departments as well as other parts of the public sector and the private sector.

The British Computer Society welcomed the proposals, but criticised the lack of detail on linkage of information between files, systems and different installations.

"Computers and Privacy." Cmnd. 6353. S.O. Price 28p. Report: "Computers: Safeguards for Privacy." Cmnd. 6354. S.O. Price 55p.

A program to protect us. Page 21.

THE LEX COLUMN

Chrysler's future requirements

The Government stresses that £162.5m. is the maximum extent of the taxpayer's commitment to Chrysler, but on paper there is *almost* no way that the company can become a viable, independent operation by 1979—which is when the commitment to fund *part of its losses runs out.* It looks from Mr. Varley's statement as though the company is expected to lose at least £50m. *in 1975. A figure of this order* would swamp the existing equity, which totalled just £25m. a year ago.

Set against this are borrowings which, to judge by the interim statement, could now amount to over £80m. To ease this strain, the Government together with the U.S. parent will guarantee a £35m. medium term loan from the clearers, and it is also to provide a £55m. loan to finance new capital spending. The rest of its support is simply intended to cover part of the losses likely over the next four years. So leaving aside the credit status of the Chrysler Corporation (which itself has not got the strongest balance-sheet in the world) two points need to be made clear. If the company is to secure independent support from the banks it will need substantial new equity by 1980, unless its profits performance has been totally transformed—and even then it would need a radical capital reconstruction. *The taxpayer will lose out* either way, since in its anxiety to maintain U.S. involvement, the Government does not appear *to have taken an option* on any part of the equity—even though it is to finance the bulk of shareholders' losses in the next few years.

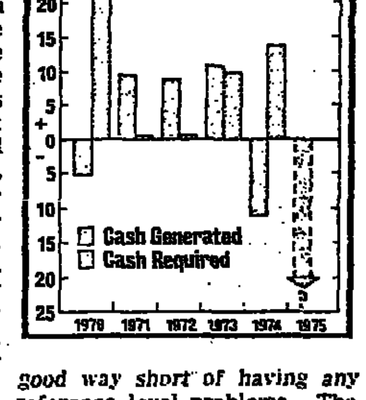
One of the few comforting features is that Finance for Industry has not become involved. By remaining aloof, FFI has confirmed that it really is only interested in lending on a commercial basis *and that* it is not a pawn either of the Government or of its clearing bank shareholders.

For the record, the Think Tank report shows that even in the relatively happy days of 1970 to 1973, Chrysler U.K. was by any yardstick the most unprofitable motor manufacturer in Europe, and that its capital spending was also at the bottom of the league. By these standards, yesterday's call from Rolls-Royce (1971) for £100m. *from the taxpayer is not that* preposterous. As Sir Kenneth Keith blandly explained, the company would not now be look*ing to the Government for more* cash had it not been for the effects of inflation: £100m. is, incidentally, equivalent to four-fifths of the last balance sheet total.

Index rose 4.3 to 367.8

Marley

The rapid recovery story of the U.K. building materials sector goes on. Now it is Marley's turn to report a sharp improvement, with U.K. pre-tax profits, slightly lower in the first half, jumping by 64 per cent. in May-October. That takes domestic profits to £10.77m. for the full year against the previous peak of £10.16m. in 1972-73, though in contrast to London Brick, Marley is still a *good way short of having any* reference level problems. The overseas side has remained seriously depressed, however, *with only £0.70m. for the year* against £3.29m.: most areas have been under a cloud, and the latest figure takes in losses of over £1m. in France and a rather smaller deficit in Germany.



Overall pre-tax profits emerge fractionally higher at £11.47m., good enough to leave the shares 3p higher at a new 1975 peak of 96p. But a higher tax charge, a pension fund appropriation and sharply higher minorities (mainly reflecting changes in Irish taxation) all eat away at the net figure, and earnings have fallen from 11.6p to 8.9p a share. So with a yield of just under 5 per cent. and a p/e of 10.6 the shares are relying on a healthy trading advance *in the current year.*

The signs are encouraging. Roofing and flooring are being boosted by the housebuilding *upturn—housing starts, season*ally adjusted, reached an ann rate of 350,000 in October, third quarter starts were 40 cent. up on a year earlier. M ley Buildings is reporting m higher profits, the retail side putting on substantial ex space and seeing no slacken *of demand,* while there has b recovery in foam. Walling Weston, in plastics, has b dull, but there are signs o *revival. And a much bet* trend in Europe is show through in early returns for current year, though France *take several years to turn rou* As for liquidity, gearing ra are down on a year ago, and M ley has not yet touched its £1 *five-year facility with Barcl*

Burton Group

Burton Group has maintai its gross dividend—and "A" shares rose 5p to 50p terday for a gain of nearly fifth this month. But the tr ing outlook is poor and statement contains nothing allay the longer-term doul though there is certainly immediate crisis. The de equity ratio is still under 1 following an £8m. rise in b rowings in 1974-75; cap spending is being kept wit the level of property sales pressures on working cap have been eased by the fina ings of the menswear cr operation externally. Mo while, properties are still wo *near balance sheet figures* shareholders' funds around end 1973-74 figure of £119m.

It is still going to be qu *some time though before* group earns anything like adequate return on these ass following the £830,000 drop pre-tax profits to *£2.5m.* 1974-75, including £1.1m. property sale profits (do £2.7m.). The menswear s actually improved its profits £1.2m. last year with a halt, once, in the decline in made measure suit sales, but recovery has been short-lived total volume since August i to 5 per cent. down. And th will not be a turn round u next summer at least in Ryr and Greens after a £1.45m. into the red last year. Howe the success of Top Shops c keep womenswear ahead France may be in the bl after last year's £771,000 los Overall though, with prop sale profits probably lo there is an obvious threat the dividend and a yield of *per cent.—uncovered* by property sale profits in 1974-7 and hence few short-t attractions in a capitalisatio *£18.5m.*

Industrial action by doctors to continue

By Christian Tyler, Labour Staff

JUNIOR DOCTORS last night postponed for another week a decision on whether to call off the industrial action that has *severely disrupted many* hospitals.

Their "emergencies-only" sanctions are to continue while the wording of an agreement reached between their negotiators and Mrs. Barbara Castle, Social Services Secretary, is tightened.

The decision of the 55 national representatives of 19,000 junior hospital doctors means that there is still a chance that indus*trial action will be called* off before Christmas.

It came after nearly nine hours of angry debate at British Medical Association headquarters in London. Despite the high feelings there were few calls for action to continue indefinitely.

The doctors were considering the text of an agreement reached last week under which most of their demands over overtime pay and working hours for new contracts are to be referred to the profession's independent pay review body.

That body is unlikely to be able to amass the evidence and complete its report until the end of next month.

The national committee meets again next Tuesday to hear whether the last half-dozen points have been cleared up to their satisfaction.

Weighell accuses Crosland in railway cuts row

BY LORELIES OLSLAGER, LABOUR STAFF

ACRIMONY between the Government and railway unions over proposed railway cuts reached a new pitch yesterday *when a senior* Minister accused the unions of basing their case on a "load of codswallop" and was called a "bloody liar" in return.

Mr. Anthony Crosland, Secretary for the Environment, was evidently trying to dampen the flames when he told the House of Commons that forecasts about massive cuts in the railway network should be treated with incredulity and were "a load of codswallop."

But instead of being reassured, Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, reacted most angrily when addressing a protest rally against railway cuts shortly afterwards.

Necessary

Mr. Crosland was "a bloody liar," Mr. Weighell declared. The unions have calculated that the Government's new limits on rail revenue support and investment would mean a reduction in British Rail's route network from the present 11,000 miles to less than 4,000 miles by 1981.

Mr. Weighell said they had been talking to the British Railways Board "and evidence I will be putting towards you will show that apparently he (Mr. Crosland) doesn't know what is going on in his department or know of the plans that have been cut or operated."

At the rally, Mr. Weighell warned that if the cuts went ahead, the NUR might have to instruct its 10 sponsored MPs not to support the Government.

"It may be necessary for us to say to the Government that unless they change their course of direction in the rail industry, we shall not hesitate to say to our 10 NUR Members of Parliament that they will not support this Government no matter how critical the situation."

But later he somewhat retracted this threat. He had no intention of bringing down the Government and had only in*tended to say that NUR-spon*sored MPs should not vote for any measures that could lead to a cut in the railway services.

Nevertheless, Mr. Weighell touched on a highly sensitive issue involved in union sponsorship of Labour MPs.

Last October, the House of Commons Committee of Privileges said that the executive of the Yorkshire area council of the National Union of Mineworkers had shown serious contempt of Parliament in a reso*lution instructing its spon*sored MPs not to act against union policy.

Decisions

Mr. Crosland told the House that "when decisions come to be made on the transport policy review, they will be taken by Ministers after full consultation with management, unions, and other interests in the transport *industry.*"

Dr. John Gilbert, Transport Minister, met Mr. Richard Marsh, chairman of British Rail, over dinner last night in the latest of a series of informal meetings to discuss aspects of the transport policy review.

The review is still at an early stage. Mr. Crosland has undertaken to make a statement setting out the Government's conclusions, but this is not now *expected until well into the New* Year.

Europe court cuts £4m. sugar fines

BY A. H. HERMANN

THE European Court in Luxembourg yesterday cut to about £660,000 the £4m. fines which the EEC Commission had imposed on 16 European sugar companies.

The Court also quashed five out of the nine counts on which the Commission found the companies guilty of restrictive practices and abuse of dominant position by allegedly pushing up prices and unfairly protecting their market shares.

It completely cleared all the six Italian companies involved and one of the three German companies.

The decision amounts to the biggest defeat suffered by the EEC Commission in the European Court so far, particularly as the reasoning behind the judgment rejects the Commission's approach as fundamentally wrong.

The Court concluded that the sugar marketing system of the EEC left hardly any competition for the accused companies to distort or eliminate.

As for the Italian companies, the conduct for which they were condemned by the Commission was found to result from the Italian national marketing rules and practice.

The Court found that the sugar marketing system of the Community, emerging from its transitional stage, *left only small room* for residual competition within its narrow price limits and, instead of creating a common market, divided the EEC into national markets by means of a quota system.

"This situation cannot lead to the conclusion that restrictive practices of enterprises can make the disadvantages of such a system still worse," said the Court.

It added that, in view of this situation, the conduct of the enterprises could not be judged as rigorously as was usual in other antitrust proceedings.

The judgment does not contain any reference to the criticism of the Commission contained in the Opinion of the Court's First Advocate-General, *M. Henri* Mayras, who held that the Commission failed in its duties by not taking steps against the Italian price fixing and quota system for sugar.

But the Court has underlined this point by hearing on the same day two other cases referred from Italian courts, questioning the compatibility of the Italian system with EEC rules, immediately after it had announced its judgment.

In addition to clearing the *Italian* companies, the Court has also rejected the accusation of Belgian and German companies of conspiracy to protect their shares of the Dutch market by allegedly controlling deliveries from Belgium and from the western regions of Germany.

A German and a Dutch company were cleared of the allegation that they engaged in concerted practices to control deliveries of French sugar to the southern *part of Germany.*

The Court has also annulled the Commission's decision in so far as it had found two Dutch refineries guilty of exerting economic pressure on Dutch importers to restrict imports.

The court cleared the (German) Südzucker Verkaufs GmbH of the charge that it prevented its agents from selling sugar from other refineries.

The largely successful appeal of the 16 leading European sugar companies brings to an end a saga of EEC antitrust enforcement.

A conflict between the Sugar Directorate of the Commission and its Competition Department was in the background of the January 1973 "Sugar Ring" decision which was regarded by Commissioner A. Borschette as a blow on behalf of Europe's consumers.

The decision released an avalanche of documents which jammed the translation department of the European Court for the best part of three years.

Submissions amounted to 9,000 pages, the summing-up of the Reporting Judge to almost 700 pages. The reasoning of the judgment takes 200 pages.

Continued from Page 1

Rolls-Royce

get about £25m. next year on the production of the engines initialy involved.

This would not avert the need for a shrinkage in the labour force—through natural wastage *or early retirement, but probably* also through some redundancies.

This was mainly due to the reduced demand for engines, stemming frfom the world air transport recession. The shrinkage needed might have been as much as 12,000, had Rolls-Royce not pulled back into its own factories work originally put out to sub-contractors.

Sir Kenneth also disclosed that the company last week signed a "protocol" with the Soviet Union, which opened the door for detailed discussions on the possible future sale of the RB-211 engine for use in a new Soviet airliner.

Suggestions yesterday that the chairman of Rolls-Royce had said the company would go bankrupt again if it did not get further cash aid from the Government were strongly denied by the company last night.

Weather

U.K. TO-DAY

A COLD, northerly airstream covers most areas and there will be wintry showers, with snow over hills and night frosts inland.

London, South England, the Midlands, Wales, Northern England
Bright and cold but mainly dry. NE wind. Night frost. Max. 5C (41F).

E. Anglia, East England
Scattered wintry showers and sunny intervals. Wind N.E. moderate. Night frost. Max. 4C (39F).

Channel Isles, S.W. England
Cloudy at first, but sunny later. Mainly dry. Max. 6C (43F).

N.E. England, Borders, E. Scotland, Highlands, Orkney, Shetlands
Scattered wintry showers and bright intervals. Wind moderate, *northerly. Night frost. Max.* 2C (36F).

Lakes, Isle of Man, W. Scotland, Northern Ireland
Mainly dry with bright *periods.* Wind northerly, light. Max. 5C (41F).

Outlook: Mostly dry and cold with night frost and fog.

Lighting-up: London 16.22. Manchester 16.20, Glasgow 16.13. Belfast 16.28.

Snow reports Page 7

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm.	S	0	32	Madrid	C	7	45
Athens	C	13	55	Manchstr.	C	7	45
Bahrain	S	22	72	Melbourne	C	24	75
Barcelona	C	13	55	Mexico C.	S	19	66
Beirut	F	17	63	Milan	R	7	45
Belfast	F	7	45	Montreal	S	11	52
Belgrade	F	6	43	Moscow	C	2	36
Berlin	C	−1	30	Munich	C	−2	28
Birmghm.	C	7	45	Newcastle	S	7	45
Bristol	C	3	37	New York	S	5	41
Brussels	Sn	−6	21	Oslo	S	6	43
Budapest	C	0	32	Paris	C	−2	28
B. Aires	C	26	79	Perth	S	25	77
Cairo	S	24	75	Prague	C	−1	30
Cardiff	C	5	41	Reykjavik	F	−10	14
Cologne	C	−3	27	Rio de J'o	S	25	77
Copnhagn.	C	5	41	Rome	Dr	16	61
Dublin	C	4	39	Singapore	C	27	81
Edinb'rgh	S	9	48	Stockholm	R	6	43
Frankfurt	C	−2	28	Strasbourg	C	0	32
Geneva	R	2	36	Sydney	C	24	75
Glasgow	Dr	9	48	Tehran	S	7	45
Helsinki	R	3	37	Tel Aviv	C	16	61
H. Kong	S	11	52	Tokyo	S	10	50
Jo'burg	R	14	57	Toronto	S	6	43
Lisbon	R	8	46	Vienna	C	0	32
London	Fg	2	36	Warsaw	S	0	32
Luxembg.	Fg	−5	23	Zurich	C	−1	30

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	19	66	Istanbul	C	7	45
Algiers	C	18	64	Jersey	F	5	41
Biarritz	F	9	48	Las Plms.	S	19	66
Blackpool	C	8	46	Locarno	R	6	43
Bordeaux	C	5	41	Majorca	S	15	59
Boulogne	S	3	37	Malaga	Th	11	52
Casablnca.	F	14	57	Malta	F	19	66
Cape Tn.	S	33	91	Nairobi	S	24	75
Corfu	C	14	57	Naples	R	16	61
Dubrovnik	R	11	52	Nassau	S	27	81
Faro	R	13	55	Nice	R	13	55
Florence	R	12	54	Oporto	S	12	54
Funchal	R	14	57	Rhodes	F	14	57
Gibraltar	R	13	55	Salzburg	C	0	32
Guernsey	S	5	41	Tenerife	F	13	55
Innsbruck	C	2	36	Tunis	C	16	61
Inverness	F	6	43	Valencia	F	14	57
I. of Man	C	8	46	Venice	R	8	46

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Dr—Drizzle. Fg—Fog. Th—Thunder.

Continued from Page 1

Chrysler rescue storm grows

these plans it would emerge with a four-model car line-up and a capacity probably larger than it has to-day, although the Imp and Hunter models would almost cer*tainly have been shed along the* way.

The company is gambling that by 1979, when the last of these new models is introduced and the last of the Government's £72.5m. underwriting for losses runs out, it will be firmly established in the U.K. market again.

But there remains considerable scepticism in the motor industry and in Parliament that Chrysler can get back onto a firm profit-*earning base, even with the* Government aid and the new model line-up.

The whole drift of the arguments in the Think Tank report, also published yesterday, suggests that there is too much capacity in the British motor industry, and that Chrysler will be *fighting for sales* in an extremely sluggish and competitive market.

Mr. Michael Heseltine, Opposi*tion industry spokesman,* took up this point when he said that the report led to "the irrefutable conclusion that Chrysler U.K. did not have a viable long-term future." He went on: "Far from protecting jobs the Government's measures merely delay the unemployment which must come at Chrysler."

Mrs. Margaret Thatcher, Opposition leader, said at a British Institute of Management meet*ing last night that British Ley*land, Vauxhall and Ford "have been placed in peril, for they have been weakened in the market place and on the shop floor."

In his speech to the Commons yesterday, Mr. Varley stressed the need for a reduction of jobs *in the motor industry* and at Chrysler. Only the "lean, tough and competitive" could hope to survive.

Mr. Varley confirmed yesterday that the U.S. company had threatened to begin liquidating its British operations at the *beginning of December if they* did not get Government help. This was the stark choice which faced the Government in going to Chrysler U.K.'s aid.

Reginald Dale writes from Brussels: The EEC Commission was thought unlikely to discuss *the Chrysler rescue operation at* a meeting in Strasburg to-day. Officials said the rescue would require lengthy study under the Community's rules on state aids, and that it would be looked at separately from the import measures.

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